

# **SPANCO**

**Spanco Limited**

Annual Report 2012-13

# CORPORATE INFORMATION

## Board of Directors

Kapil Puri

*Chairman and Managing Director*

Adarsh Bagaria (upto November 9, 2012)

*Whole Time Director*

Sunil Sarin (upto November 8, 2012)

*Non Executive, Independent Director*

Subroto Chaudhury

*Non Executive, Independent Director*

Vijay Kumar Gupta (upto October 19, 2012)

*Non Executive, Independent Director*

Vijay Kumar Chopra (upto October 11, 2012)

*Non Executive, Independent Director*

Sanjay Kukreja (upto September 3, 2012)

*Non Executive Director*

Pravin Kumar (upto June 9, 2013)

*Non Executive Director*

Rajiv Chhabra (w.e.f. November 9, 2012 till July 3, 2013)

*Non Executive, Independent Director*

Iqbal Singh Gumber (w.e.f. November 10, 2012)

*Non Executive, Independent Director*

Vijay H. Mulchandani (w.e.f. December 2, 2013)

*Non Executive, Independent Director*

## Registered office

8<sup>th</sup> Floor, Godrej Coliseum,  
Somaiya Hospital Road,  
Off. Eastern Express Highway,  
Sion (East), Mumbai – 400 022  
Phone : 022 67165566  
Fax : 022 67165599  
E- mail Id: [cs@spancotele.com](mailto:cs@spancotele.com)

## Registrar and Share Transfer Agent

Bigshare Services Private Limited  
E-2 & 3, Ansa Industrial Estate,  
Saki-Vihar Road, Sakinaka,  
Andheri(E), Mumbai - 400 072  
Phone : 022 28470652  
Fax : 022 2847 5207  
E-mail Id : [investor@bigshareonline.com](mailto:investor@bigshareonline.com)

## Auditors

M/s Khandelwal Jain & Co.,  
Chartered Accountants,  
Mumbai

## Bankers

State Bank of India  
Bank of India  
Bank of Baroda  
Punjab National Bank  
ICICI Bank Limited  
State Bank of Mysore  
Indian Overseas Bank  
United Bank of India  
Karur Vysya Bank  
Lakshmi Vilas Bank  
State Bank of Hyderabad  
Barclays Bank  
IndusInd Bank  
Central Bank of India

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## DIRECTORS' REPORT

To,

The Shareholders,

Your Directors present the 30<sup>th</sup> Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2013.

### FINANCIAL RESULTS:

Your Company's financial performance during the year under review is summarized below:

(₹ in Crores)

Particulars	Year ended	
	March 31, 2013 (12 months)	March 31, 2012 (6 months)
Income from operations and other income	1055.82	976.47
Profit before Finance Cost, Depreciation & Amortization Exp. and Taxation	(278.41)	126.51
Less: Depreciation & Amortization Expenses (net of withdrawal from Revaluation Reserve)	45.96	18.75
Less: Finance Cost	119.50	53.30
Profit before taxation	(443.87)	54.46
Less: Tax Expense	(134.93)	19.91
Less: Taxation for earlier years	1.38	-
Profit after tax	(310.32)	34.55
Add: Balance of Statement of Profit & Loss brought forward	164.75	135.37
Amount available for appropriations	(145.57)	169.92
Transfer to Debenture Redemption Reserve	7.41	5.17
Balance carried to Balance Sheet	(152.99)	164.75

### REVIEW OF OPERATIONS

During the year under review, the Company's income from operations including other income stood at ₹1055.82 Crores as compared to ₹ 976.47 Crores in the previous period (6 months). There was a Loss before Finance Cost, Depreciation and Taxation which stood at ₹ 278.41 Crores as against Profit before Finance Cost, Depreciation and Taxation ₹126.51 Crores in the previous period (6 months). During the year under review, the net loss of the Company stood at ₹ 310.32 Crores as against Net Profit amounting to ₹ 34.55 Crores in the previous period (6 months).

### DIVIDEND

Due to losses incurred by the Company during the year under review, your Directors have decided not to recommend any dividend for the year.

### CORPORATE DEBT RESTRUCTURING

The Company has proposed to restructure the loans availed from banks/financial institutions through CDR Mechanism. The major consortium banks have agreed in-principle for the same, subject to confirmation from their Management Committee. The Company has appointed SBI Caps as Nodel Agency for CDR and draft flash report has been circulated. The Company is taking care of all necessary formalities in this regard.

### PUBLIC DEPOSITS

During the period under review, the Company has not accepted/renewed any deposits from the Public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and rules made there under.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A report on Management Discussion and Analysis, as stipulated under Clause 49 of the Listing Agreement is covered under separate section and forming part of the Annual Report.

## DIRECTORS

During the year under review, Mr. Iqbal Singh Gumber was appointed as an Additional Director of the Company by the Board w.e.f. November 10, 2012 and in terms of the provisions of the Section 260 of the Companies Act, 1956, he holds office upto the ensuing Annual General Meeting of the Company. The Company has received notice under Section 257 of the Companies Act, 1956, proposing his candidature for appointment as Director of the Company, along with the requisite deposit. The Board recommends his appointment as a Director of the Company.

In accordance with the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Subroto Chaudhury, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Your Board recommends his re-appointment.

During the year under review, Mr. Sanjay Kukreja, Mr. Vijay Kumar Chopra, Mr. Vijay Kumar Gupta, Mr. Sunil Sarin, Mr. Pravin Kumar resigned from the directorship of the Company w.e.f. September 4, 2012, October 12, 2012, October 20, 2012, November 9, 2012 and June 10, 2013 respectively. Also Mr. Adarsh Bagaria, Whole time Director of the Company resigned from directorship of the Company w.e.f. November 10, 2012. Mr. Rajiv Chhabra who was appointed as an Additional Director of the Company w.e.f. November 9, 2012, subsequently resigned from the directorship w.e.f. July 4, 2013. The Board places on record its appreciation for the valuable contribution made by them during their tenure as Directors of the Company.

Brief resume of the Directors proposed to be appointed/re-appointed as stipulated under Clause 49 of the Listing Agreement entered into with BSE Limited and National Stock Exchange of India Limited are given in the Notice convening the 30<sup>th</sup> Annual General Meeting of the Company.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, your directors state that:

- in the preparation of the Annual Accounts for the year ended March 31, 2013 the applicable accounting standards have been followed and there are no material departures from the same;
- the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the loss of the Company for the year ended on that date;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.

## AUDITORS

M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai, the Statutory Auditors of your Company hold office upto the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Your Directors recommend their re-appointment as Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company and to audit financial accounts for the financial year ending on March 31, 2014.

## AUDITORS' OBSERVATIONS

With respect to the Auditors' observations regarding delay in statutory payments and default in payment to banks, Financial Institutions and debenture holders, your directors would like to state that due to losses during the year, the Company could not generate sufficient cash flow for payment of the same. The Company is in process to approach CDR Cell for restructuring of its debts.

## SUBSIDIARY COMPANIES/JOINT VENTURES AND CONSOLIDATED FINANCIAL STATEMENTS

A statement containing brief financial details of the Company's subsidiaries for the year ended March 31, 2013 is included in the Annual Report.

The Ministry of Corporate Affairs vide its General Circular No: 2/2011 dated February 8, 2011 have granted general exemption from attaching the Balance Sheets of subsidiary companies with the holding company's Balance Sheet, if the holding company presents in its Annual Report the Consolidated Financial Statements duly audited by its Statutory Auditors. The Company is publishing consolidated financial statements in the Annual Report, hence the Balance Sheets of subsidiary companies are not attached with the Company's Balance Sheet. Further, the

annual accounts of the subsidiary companies and the related detailed information will be made available upon request to any member of the Company interested in obtaining the same during the Annual General Meeting and are also available for inspection during business hours at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include Financial Results of its subsidiary companies and Joint Ventures and are prepared in strict compliance with applicable Accounting Standards.

## CREDIT RATING

Your Company's ratings has been reviewed to CARE D [Single D] by Credit Analysis and Research Limited (CARE) for Long-term bank facilities and Non-convertible debentures (NCD) and CARE D (Single D) by CARE for Long/Short-term Bank facilities.

## SHARE CAPITAL

On May 10, 2012, the Company had issued and allotted 15,00,000 fully paid Equity Shares of ₹ 10/- per share at a price of ₹ 155/- per share (including premium of ₹ 145/- per share) to Mrs. Kavita Puri, Promoter of the Company upon conversion of even number of warrants issued on preferential basis.

Consequent to this, the paid up share capital of the Company has increased from ₹ 31,35,00,000/- (divided into 3,13,50,000 Equity Shares of ₹ 10/- each) to ₹ 32,85,00,000/- (divided into 3,28,50,000 Equity Shares of ₹ 10/- each).

## LISTING

The Company's shares are listed on BSE Limited and National Stock Exchange of India Limited. The scrip of the Company has been suspended from trading at National Stock Exchange of India Limited w.e.f. September 17, 2013 for non-compliance of some of provisions of the Listing Agreement.

## DEBENTURES

The Company had issued 20 secured redeemable non- convertible debentures of ₹ 1,000,000 each amounting to ₹ 2 crores on a private placement basis during the year 2008-09 carrying an interest at 11% payable half yearly and the same were due for redemption in two equal installments on July 3, 2012 and 2013.

The Company had issued 200 secured redeemable non- convertible debentures of ₹ 1,000,000 each amounting to ₹ 20 crores on a private placement basis during the year 2008-09 carrying an interest at 11.25% payable monthly and the same were due for redemption in two equal installments on July 3, 2012 and 2013.

The Company had issued 700 secured redeemable non- convertible debentures of ₹ 1,000,000 each amounting to ₹ 70 crores on a private placement basis during the year 2008-09 carrying an interest at 11.25% payable half yearly and the same were due for redemption in two equal installments on July 10, 2012 and 2013.

However, due to losses during the year, the Company could not generate sufficient cash flow for repayment of these debentures on due dates. The Company is in process to approach CDR Cell for restructuring of its entire debt including these debentures.

## TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

As per the provisions of Section 205A read with Section 205C of the Companies Act, 1956, the Company is required to transfer the unpaid dividend remaining unclaimed and unpaid for a period of 7 years from the due date to the Investor Education and Protection Fund (IEPF) set up by the Central Government. The details of amount lying in the Unpaid Dividend Accounts alongwith due dates for their transfer to the Investor Education and Protection Fund are given in below table. The shareholders whose dividend remained unclaimed are requested to claim it immediately from the Company. Further, the Shareholders are requested to note that no claim shall lie against the said fund or the Company in respect of any amount which remained unclaimed for a period of seven years from the date that these became first due for payment and no payment shall be made in respect of any such claim.

The detail of Unpaid / Unclaimed Dividend are as follows:

Year	Dividend Rate per share	Date of Declaration	Due Date for transfer to IEPF
2005-06	₹ 1.80	September 29, 2006	October 29, 2013
2006-07	₹ 1.80	September 29, 2007	October 29, 2014
2007-08	₹ 2.00	September 19, 2008	October 19, 2015
2008-09	₹ 0.50	September 29, 2009	October 29, 2016
2009-10	₹ 1.00	September 24, 2010	October 24, 2017
2010-11	₹ 1.00	March 20, 2012	April 19, 2019

**CORPORATE GOVERNANCE REPORT**

Pursuant to Clause 49 of the Listing Agreement, a detailed report on Corporate Governance duly certified by M/s. Manish Ghia & Associates, Practicing Company Secretaries, Mumbai is separately attached to this Annual Report.

**PERSONNEL**

The employer employee relations remained cordial throughout the year. The Board places on record its sincere appreciation for the valuable contribution made by the employees across all levels of the organization.

In accordance with the provisions of Section 217(2A) read with Companies (Particulars of Employees) Rules, 1975, the name and other particulars of employees are to be set out in the Directors' Report as an addendum thereto. However, as per the provisions of Section 219(1) (b)(iv) of the Companies Act, 1956, the report and accounts as set out therein are being sent to all members of the Company excluding the aforesaid information about such employees. Any member, who is interested in obtaining such particulars about employees, may write to the Assistant Company Secretary at the Registered Office of the Company.

**PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO****(A) CONSERVATION OF ENERGY**

The Company's operations are not energy-intensive. However, significant measures are taken to reduce energy consumption by using energy-efficient computers and purchasing energy-efficient equipment. During the year, the Company has taken some measures for optimal utilization of electricity by stringent control by re-scheduling of working hours of air-conditioning and lighting during the off working hours. The Company constantly evaluates new technologies and invests to make its infrastructure more energy-efficient. Air-conditioners with energy-efficient screw compressors for central air-conditioning and with split air-conditioning for localized areas are used. As energy costs comprise a very small part of the total expenses, the financial impact of these measures is not material.

**(B) TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT**

With an object to obtain and deliver the best, your Company successfully deployed a growing and diverse team of R&D specialists who have expertise in hardware, networking systems software, database and application software. This helped the Company to access to the latest technologies and deploy/absorb these latest technologies wherever feasible, relevant and appropriate. The Company has not maintained separate record of the expenditure incurred on Research & Development.

**(C) FOREIGN EXCHANGE EARNINGS & OUTGO**

(₹ in Crores)

Particulars	March 31, 2013 (12 months)	March 31, 2012 (6 months)
Foreign exchange earned	3.93	1.62
CIF value of imports	-	-
Expenditure in foreign currency	0.16	0.47

**EXTENSION FOR HOLDING ANNUAL GENERAL MEETING OF THE COMPANY**

The Company has taken the approval from the Registrar of Companies, Maharashtra, Mumbai, vide letter dated September 11, 2013 for extension of the period of holding the Annual General Meeting of the Company for the financial year ended March 31, 2013 by three months i.e. up to December 31, 2013 for availing the time for preparation of the Consolidated Financial Statements of the Company.

**ACKNOWLEDGEMENTS**

Your Directors wish to express their sincere gratitude to the Union Government and the Government of various States, as also to all the Government agencies, banks, financial institutions, customers, vendors and other related organizations, who has given their continued support and cooperation during the year under review. Your Directors also wish to place on record their deep sense of appreciation for investors, shareholders and employees of the Company for their continued support towards conduct and operations of the Company.

**For and on behalf of the Board of Directors**

Place : New Delhi  
Date : October 24, 2013

**Kapil Puri**  
Chairman and Managing Director

## MANAGEMENT DISCUSSION AND ANALYSIS

### A. TECHNOLOGY INFRASTRUCTURE

#### IA. INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian Information and Communication Technology (ICT) Industry has played a critical role in shaping the contours of the modern Indian economy and transforming its growth trajectory. Last couple of decades, Indian ICT industry has built a foundation for next generation economic growth in India which will deliver efficient and sustainable long term development. The IT industry, alone, has played a pioneering and pivotal role in placing India on the world map as a major knowledge-based economy. The effective use of ICT services in Government administration (both state and central) has significantly enhanced existing efficiencies, driven down communication costs and increased transparency in the functioning of various departments.

IT has been recognized as the single most important enabler to effectively modernize India's power sector and also transform its distribution network using modern technology and also reduce the power transmission and distribution losses. To make power distribution more efficient, the government has attempted privatization with the distribution franchise model.

While the sector's growth trajectory is founded on strong fundamentals and sustained domestic demand, a significant portion of the sector's earning flow from the international and overseas market. Hence the IT sector and particularly the ITeS & BPO sector which are focused purely on international markets are not immune to the global economic challenging environments.

CRISIL Research expects the domestic IT services market to grow at a five-year CAGR of 18% to ₹ 650 billion in 2013-14. The Government is expected to be the largest end-user with a 30% share; demand for IT services is expected to grow at a CAGR of 23%.

#### IIA. OPPORTUNITIES AND THREATS

1. **Government Business Unit:** Mega e-governance projects involve designing solutions for building gigantic e-infrastructure, necessitating large-scale system integration. The Indian Government plans to spend close to USD 10 billion for rolling out the National eGovernance Plan (NeGP), the opportunity for the ICT sector to radically transform modern governance and take the IT revolution to its next phase. The scale of the opportunities can be seen from the fact that the Centre and State government are expected to spend anywhere between ₹ 20,000 to ₹ 30,000 crore over the next five years to roll out government related services. The upgradation of legacy systems has become a necessity in the extremely competitive market where overall IT-led modernisation presents large scale opportunities to the Indian IT sector. IT spending by India's Public Sector is amongst the highest in the industry and the demand is expected to grow phenomenally. For the Indian economy to achieve accelerated economic growth, infrastructure will play a key role. The Government has increased the infrastructure allocation from USD 500 billion in the 11<sup>th</sup> Five Year plan to USD 1 trillion in the 12<sup>th</sup> plan (2012-17). Modernisation of ports, airports, road and border check post are key opportunity areas for the ICT sector as they will drive efficiency, enable better revenue collections and also provide greater control to monitor enforcements and adherence of laws. The banking sector is at the forefront of adopting technology as financial inclusion gains momentum where in efforts are made to ensure access of appropriate financial products and services needed by weaker sections and low-income groups at an affordable cost in a fair and transparent manner. As a step in this direction, Indian banks have geared up for the second wave of technological enhancement, their spending is likely to shoot, a little over 50%, to ₹ 10,000 crore annually.

2. **Power Business Unit**

**Technology Infrastructure and Services:** India is presently positioned as the 11<sup>th</sup> largest manufacturer of energy. It is also the world's 6<sup>th</sup> largest energy user. In spite of its extensive yearly energy output, Indian power sector is a regular importer of energy because of huge disparity. While some progress has been made at reducing the Transmission and Distribution (T&D) losses, these losses are still substantially higher than the global benchmarks. To tackle these challenges, the Government has proposed Restructured Accelerated Power Development Reforms Programme (R-APDRP) as a Central Sector Scheme. R-APDRP is an initiative driven by the centre in collaboration with the state with a clear focus to bring in actual, demonstrable performance in terms of sustained energy loss reduction. The size for R-APDRP program is to the tune of ₹ 50,000 crore.

**Distribution Franchise (DF):** The DF model is a PPP initiative that has emerged as a solution to the problems affecting the power distribution segment – high technical and commercial losses, poor infrastructure, weak financial position and lack of customer orientation. The key driver of franchising for utilities as well as consumers would be the ability of the DF to source additional power and provide uninterrupted supply in the franchise area. The DF model has emerged as a means of tying up with private players to bring on consumer management expertise, invest in infrastructure (thereby curtailing losses) and share financial benefits of the improvements with the licensee.

#### THREATS

**Recessionary trends:** While the global economic slowdown has arisen in the developed economies, the contagion is being witnessed in all major economies of the world. Several countries including India are experiencing contraction in their GDP. An overall slowdown



in the pace of investment activity, the extremely challenging scenario in the financial markets has a domino effect and also impacts other sectors of the world economy. This along with challenges of high inflation, tight credit policy further poses challenges for India and the India Inc.

**Government Policy:** The IT sector has witnessed tremendous boost from the Government's spending in building of modern IT infrastructure to implement its e-Governance initiatives. The scale of Government-led IT spending in the economy is today unmatched. It is the Government's thrust on areas like CSC, power, telemedicine, transport/integrated check post, Unique Identification Development Authority of India (UIDAI) - Aadhar, National Rural Employment Guarantee Act (NREGA) etc has opened large-scale and long term sustainability for the sector. Hence, any major reverse of policies in this direction or change in thrust can adversely impact the ICT sector.

**Competition:** While India is a well-acknowledged software superpower, traditionally most Indian IT & ITeS companies have concentrated on the opportunities available overseas. Also, due to the increasing opportunities, several global players have set up base in the country to garner a share in the opportunity pie.

### III A. RISKS AND CONCERNS

**Funding:** The Company predominantly works in public sector space. Size of opportunities in this space is significantly large and requires quick access to funds for faster execution. Also, since Spanco participates in several tenders; each tender requires Earnest Money Deposit either as Bank Guarantee or Demand Draft. Spanco has always believed in having a judicious mix of small and medium term projects where the billing is on a time and material basis and the turnaround time is fast along with longer-term PPP projects. This ensures that funding requirements for any of the PPP projects are such as those that can be managed well. In addition, the Company has funding lines from banks and financial institutions open and has sufficient funds for developing ongoing projects. As the Company is building long-term assets through PPP projects and can showcase future revenue visibility, it is confident of raising adequate funds for these projects.

**Time and cost overruns:** Time and cost overruns in project execution can impact the Company's revenue projections. Spanco's longstanding presence in executing enables it to foresee any upcoming hurdles resulting in solving them ahead of time. Besides, all projects have inbuilt cost and time related clause in contracts.

**Manpower capabilities:** As Spanco expands its operations across the country, enhancing manpower capabilities will be imperative to success. As the Company scales the growth curve, which is a part of its strategic planning, special initiatives are undertaken to ensure that adequate manpower resources, both at the pre-project and post-project levels, are allocated for each project. Special dedicated teams for each domain already exist.

### IV A. OUTLOOK

As our industry moves towards exploring new frontiers, rapid advancement in technology infrastructure, increasingly competitive Indian organizations, enhanced focus by the Government and emergence of business models that help provide IT to new customer segments would be the key drivers for increased technology adoption in India. Spanco has always delivered beyond expectations and projects have been delivered as per schedule. The ability to identify opportunities ahead of time, invest in continuously strengthening its business foundations and to take the learning's of the past projects to newer projects has played an invaluable role in tracing its success story.

By offering relevant futuristic solutions, today Spanco is confident of heralding a new era of change by empowering the common people of India through various landmark projects and now also exploring promising new countries and geographies. With its innovative approach and solid management practices driven by a stable leadership team, a balanced services portfolio between Government and power sector that aligns to market needs, coupled with a wide geographic spread and increased efficiencies; Spanco has integrated long term sustainability into its businesses.

Spanco's entry into the power sector and specially the distribution side provides the business, long term stability and opportunity that offer consistent revenues. Spanco has the ability to replicate the success of diverse projects in one state to multiple states and now aims to take this domain expertise into a new continent of promise like Africa that holds immense long term opportunity and growth potential in the future.

Moving forward, Spanco is confident of growing and scaling its business further by exploring more visible opportunities on the horizon. More importantly, with deep market understanding, it has initiated several exciting and dynamic measures which will create important bridges that will translate into a new era of opportunities. Today, after over a decade of proven excellence and growth, Spanco, as an entity stands poised for a leap beyond all its previous benchmarks - a leap of growth and success that promises to provide its new position of eminence in the world of technology infrastructure and services.



## B. BUSINESS PROCESS OUTSOURCING

### IB. INDUSTRY STRUCTURE AND DEVELOPMENTS

The Business Process Outsourcing (BPO) industry in India is considered one of the most significant growth catalysts for the economy. The Indian ITeS BPO industry has evolved considerably over the past two decades. Increasing competition from emerging nations in low-cost service offerings has made the Indian ITeS BPO industry shift their focus towards improving the value proposition especially in the established verticals such as BFSI. The sector has also expanded across several other emerging verticals such as retail, healthcare and knowledge services. New verticals such as climate change, mobile applications, healthcare, energy efficiency and sustainable energy are fast emerging as growth drivers.

As an experienced global outsourcing solutions provider, Spanco has established a formidable presence in the BPO space spread over three continents catering to India, US/Europe and African markets.

### IIB. OPPORTUNITIES AND THREATS

**International BPO Business:** The United States and Europe primarily dominate the global BPO market. The increasing size and scope of the BPO industry is largely attributed to the growing desire of global businesses to address primary issues such as shortage of skilled personnel and rising operational costs. Technological advancements, introduction of sophisticated platforms and software, and the emergence of newer media are also driving businesses to opt for services of specialist third-party service providers. Driven by the need to cut operating costs through outsourcing of non-core processes, the global market for BPO is forecast to reach USD 280.7 billion by the year 2017, as estimated in a report by Global Industry Analysts Inc in October 2011.

**African Business:** Africa is home to more than one billion people. By 2050, the population is predicted to rise to two billion, some 22% of global population. While individual African economies face serious challenges such as poverty, diseases and high infant mortality, they collectively are now the world's most rapidly growing economic region. Over the past decade, political and economic conditions have improved. Significant armed conflicts have ended, giving way to political stability necessary for economic growth. Africa has started to get more positive coverage in the mainstream media. *Time* magazine recently dubbed Kenya as 'Silicon Savanna' due to the country's ICT revolution. Around 128 million households, says a McKinsey report, will have disposable incomes by 2020, when Africa's collective GDP will be \$2.6 trillion.

#### THREATS

**Recessionary trends:** India's economy has been fuelled by the growth in the technology sector in the past and a slowdown in economic growth also impacts the IT sector. A large part of the IT sector's growth is dependent on the "outsourcing" or "offshoring" of key business processes and software development activity (and related services) by large global corporations and other organisations. This is also seen as a reason for job losses in developed countries and outsourcing itself is being questioned by global political power to appease their populations. If this scenario continues to deteriorate further, it possess a major threat to the industry as a whole.

**Competition from other low-cost countries:** India has managed to emerge as the biggest destination for outsourcing, but countries like Philippines, Brazil, China and Mexico are also eyeing the pie by leveraging their comfort with the English language. While Philippines is a major threat, China too seems to be entering this space in a big way but it also has various disadvantages such as lack of skilled manpower and quality measures.

## III B. RISKS AND CONCERNS

**Attrition rate:** BPO companies suffer from the chronic problem of a high attrition rate, as a large number of people who enter the industry are those who intend to work only for a few months, without long term commitment and career plans. To address the problem the Company has been incorporating world class HR practices enabling it to attract, train and retain the best talent in the industry. The Company continuously creates and maintains a pool of world-class resources by recruiting best talents from leading colleges and from within the industry, imparting efficient and effective training and facilities, blending them into productive resources by creating challenging opportunities on projects.

**Data security:** With data processing units coming up in large numbers the need for proper data security and cyber laws continues to remain a key concern. The Company has invested in the correct technology to build a secure environment. At the same time, Spanco undertakes adequate security measures before recruiting employees; invests in training (and monitoring) to maintain data security and ensures compliance with security policies and procedures.

**Rising Costs:** Pricing pressure, both in the international and domestic segments, is high, making margins thin, especially in the short and medium term. Spanco, with its tight operational and cost efficiency aided by sophisticated MIS systems, is equipped to tide this risk. The Company's solutions combine domain knowledge, process management and technology to deliver increased operational efficiency, better customer management, and improved quality through the ability to add significant value to clients in terms of functional excellence, on time and rapid transition, and transformational benefits over the lifecycle of the engagement.

## IVB. OUTLOOK

In the past couple of years, the BPO industry has moved away from transaction processing towards a driver of business value. Clients want BPO to help operate their businesses better and to deliver measurable business outcomes. They also are looking for more industry-specific BPO offerings, and services are moving from the back office to the mid and front office. Understanding these trends, going forward the Company aims to further add new fast moving business verticals and expand its service offerings. The Company also aims to expand its geographic presence and its foray into the fast moving African continent has expanded its growth horizons. The Company's strategy in Africa is based on bringing cost effective, scalable solutions to build world class contact centres. Spanco is looking at leveraging local capabilities and expects to partner with companies who have deep rooted understating of local geography and customer needs. Driven by the unexploited potential in the BPO industry in the continent, Spanco foresees a considerable sum of its profits generating from Africa.

## VA AND VB INTERNAL CONTROLS

The Company is equipped with adequate internal control systems for its business processes which determine the efficiency of its operation strengths in financial reporting and ensure compliance with applicable laws and regulations. The internal control systems are supplemented by extensive audits conducted by internal auditors. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization, and ensuring compliance of corporate policies. Moreover, regular internal audits and checks ensure that responsibilities are executed effectively across the organisation. The Audit Committee meets regularly, reviews and verifies the controls in accordance with the Terms of Reference given by the Board of Directors.

## VIA AND VIB HUMAN RESOURCES

The total number of employees in the Company, including subsidiaries as on March 12, 2012 stands at 15000 (includes employees on roll as well as on contract). The Company understands that employees are vital and valuable assets. It believes in creating a favorable work environment which can lead to innovative ideas. The Company has a scalable recruitment and human resource process which leads to attraction and retention of highly qualified and productive individuals in the organization.

## VIIA FINANCIALS IN BRIEF

### Share Capital

During the period under review, the Authorized Share Capital of the Company remains unchanged to ₹ 75 Crores divided into 75,000,000 (previous year 75,000,000) Equity Shares of ₹ 10/- each. But, the Paid up capital of the Company has increased from ₹ 31.35 Crores to ₹ 32.85 Crores.

### Reserves and Surplus

The Company's reserves and surplus decreased to ₹ 356.72 Crores as at March 31, 2013 as compared to ₹ 601.39 Crores as at March 31, 2012. As a result, the Company's net worth decreased to ₹ 389.57 Crores as at March 31, 2013 from ₹ 632.74 Crores as at March 31, 2012. The decrease is mainly on account of the net loss reported during the year.

### Secured Loans

The Company's secured loans were at ₹ 1101.23 Crores as at March 31, 2013 as compared to ₹ 776.38 Crores as at March 31, 2012. The increase is mainly due to increase in working capital loans from ₹ 653.13 Crores to ₹ 973.93 Crores due to conversion of non-fund based limits to fund based.

### Unsecured Loans

Unsecured loans have increased to ₹ 181.46 Crores as at March 31, 2013 as compared to ₹ 68.96 Crores as at March 31, 2012. The increase is on account of treatment of money payable to a subsidiary as inter corporate deposits due to change in share holding pattern.

### Long Term Provision

The Company's long term provision has increased marginally to ₹ 1.03 Crores as at March 31, 2013 from ₹ 0.97 Crores as at March 31, 2012.

### Current Liabilities (Other than borrowings)

Current liabilities of the Company decreased to ₹ 501.14 Crores as at March 31, 2013 from ₹ 686.02 Crores as at March 31, 2012. This was mainly due to decrease in trade payables.

### Fixed Assets

The gross block increased to ₹ 605.46 Crores as at March 31, 2013 as compared to ₹ 201.13 Crores as at March 31, 2012. The increase is mainly due to Capitalization of Capital Work In Progress (CWIP) and Re-classification of Office Premises as Fixed Assets which was earlier treated as Investment.

### Capital Work-In-Progress

The Capital WIP decreased to ₹ 42.13 Crores as at March 31, 2013 as compared to ₹ 207.81 Crores as at March 31, 2012. This decrease is mainly due to capitalisation of CWIP to Plant & Machinery during the reported period.

### Investments

The Company's investments stood at ₹ 108.61 Crores as at March 31, 2013 compared to ₹ 78.56 Crores as at March 31, 2012. The increase is mainly due to additional investment in our JV company MP Border Checkpost Limited.

### Loans and Advances

The Company's loans and advances decreased to ₹ 367.84 Crores as at March 31, 2013 from ₹ 451.17 Crores as at March 31, 2012.

### Other Non Current Assets

Other non-current assets have decreased to ₹ 8.75 Crores as at March 31, 2013 from ₹ 9.32 Crores as at March 31, 2012.

### Inventory

The Company's inventory stood at ₹ 432.61 Crores as at March 31, 2013 as compared to ₹ 481.03 Crores as at March 31, 2012. The reduction is mainly due to overall slow down of business.

### Trade Receivables

The trade receivables (including long term) of the Company reduced to ₹ 597.23 Crores as at March 31, 2013 from ₹ 789.96 Crores as at March 31, 2012. Receivables days have gone up from 161 days in 2011-12 to 206 days in the period under review, which is mainly due to overall slowdown and tight liquidity in the market resulting slow recovery from the debtors. The company is making all round effort to realize the old outstanding, however the current receivable days correspond to the nature of the business, the Company operates into.

### Other Current Assets

Other current assets have decreased to ₹ 10.24 Crores as at March 31, 2013 from ₹ 34.34 Crores as at March 31, 2012 on account of write off of Receivable against investment.

### Revenues

The total revenue of the Company stood at ₹ 1052.75 Crores for twelve months ended March 31, 2013 as compared to ₹ 971.41 Crores for six months ended March 31, 2012 thereby registering a decline of 46% on annualized basis. This is mainly due to overall slow down of business during current reporting period.

### Personnel Cost

Personnel cost of the Company stood at ₹ 38.27 Crores for twelve months ended March 31, 2013 as compared to ₹ 22.34 Crores for six months ended on March 31, 2012 thereby registering decrease of 14% on annualized basis which is mainly due to decrease in manpower attributable to overall slow down of business.

### Interest and Finance Charges

The interest and finance charges of the Company stood at ₹ 119.50 Crores ended for twelve months ended March 31, 2013 as compared to ₹ 53.30 Crores for six months ended March 31, 2012 thereby registering increase of 12.10% on annualized basis. This is mainly due to increased borrowings and overall increase in interest rates.

**Depreciation**

The depreciation for the year under review was ₹ 45.96 Crores for twelve months ended March 31, 2013 as compared to ₹ 18.75 Crores for six months ended March 31, 2012 thereby registering increase of 22.54% on annualized basis. This is due to capitalization of CWIP during the reporting period.

**Other Expenses**

The other expenses of the Company stood at ₹ 396.50 Crores for twelve months ended March 31, 2013 as compared to ₹ 82.81 Crores for six months ended March 31, 2012 thereby registering an increase of 139.39% on annualized basis. It is mainly due to write off of old Advances and Debtors.

**Profit/Loss Before Tax**

Loss before tax of the Company stood at ₹ 443.87 Crores for twelve months ended March 31, 2013 as compared to Profit of ₹ 54.46 Crores for six months ended March 31, 2012. This is mainly due to overall slowdown of business and write-off of old Advances and Debtors, the recovery of which is doubtful as per Auditor's judgement.

**Post Tax Profit/Loss**

Loss after tax of the Company stood at ₹ 310.32 Crores for twelve months ended March 31, 2013 as compared to Profit of ₹ 34.55 Crores for six months ended March 31, 2012. As explained above this is mainly due to slowdown of business registering in decline in top-line added together with old advances and debtors write-offs.

**Cautionary Statement**

In this annual report we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements, written and oral, that we periodically make contain forward looking statements that set out anticipated results based on the managements plan and assumptions. We have tried wherever possible to identify such statements by using words such as anticipate, estimate, expects, project, intends, plans, believes and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

# Corporate Governance Report for the Financial Year 2012 - 13

(As required under Clause 49 of the Listing Agreement entered into with Stock Exchanges)

(Financial year April 1, 2012 to March 31, 2013)

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is not merely compliance – it involves leveraging the Company's resources and aligning its activities to consumer needs, shareholders' benefits and employees' growth, thereby delighting all its stakeholders with minimizing risk.

The Company believes that to succeed, an organization must maintain global standards of corporate conduct towards all its stakeholders. The Company believes that it is rewarding to be better managed and governed and to identify and align its activities with the national interest. To that end, we as a Company, have always focused on good corporate governance - a key driver of sustainable corporate growth and long-term value creation. The Company has and will continue to focus its resources, strength and strategies in order to achieve this commitment, while upholding the core values of transparency, integrity, honesty and accountability that are fundamental to the Company.

Our commitment to efficient company management, protection of stakeholders' interests and the transparency of corporate communications is vital for gaining and retaining the trust of investors, partners, employees, customers and communities in which we work and do business.

## 2. BOARD OF DIRECTORS

### Composition

The Company complies with the norms prescribed under Clause 49 of the Listing Agreement for constitution of Board of Directors. As on March 31, 2013, the Board of Directors of the Company consisted of five directors out of which one is Chairman & Managing Director, one is Non-executive Non Independent Director and three are Independent Directors. The members on the board possess experience in various fields that encompasses tele systems, networking, communication, BPO call centre, accounts, finance, law and banking.

### Board Procedure

In advance of each meeting, the Board members are provided with relevant information on various matters related to working of the Company. The agenda is prepared in consultation with the Chairman of the Board. The agenda for the meetings of the board together with the appropriate supporting documents are circulated well in advance of the meeting. Among other matters, the Board discussions generally relate to Company's business, financial results, review of the reports of the Audit Committee and compliance with their recommendation(s), suggestion(s), non compliance of any regulation, statutory or listing requirements etc.

### Board Meetings

The Board of Directors met five (5) times during the financial year 2012-2013 on May 10, 2012, August 14, 2012, November 10, 2012, December 18, 2012 and February 14, 2013. As stipulated, the gap between two board meetings did not exceed four months.

The Board's composition, attendance and their directorship/ committee membership, chairmanship in other companies as on March 31, 2013 is given below:

Name of Director	Category	Attendance at		Directorship in Companies, Membership / Chairmanship in Committees		
		Board Meeting	Last AGM	Other Directorships <sup>1</sup>	Committee Membership <sup>2</sup>	Committee Chairmanship <sup>2</sup>
Mr. Kapil Puri	Promoter, Chairman & Managing Director	5	Yes	4	-	-
Mr. Adarsh Bagaria <sup>3</sup>	Executive, Whole-Time Director	2	Yes	-	-	-
Mr. Sanjay Kukreja <sup>4</sup>	Non Executive Director	2	N.A.	-	-	-
Mr. Sunil Sarin <sup>5</sup>	Non Executive, Independent Director	1	No	-	-	-
Mr. Subroto Chaudhury	Non Executive, Independent Director	4	Yes	-	-	-
Mr. Vijay Kumar Gupta <sup>6</sup>	Non Executive, Independent Director	2	Yes	-	-	-
Mr. Pravin Kumar	Non Executive Director	2	Yes	1	-	-

Name of Director	Category	Attendance at		Directorship in Companies, Membership / Chairmanship in Committees		
		Board Meeting	Last AGM	Other Directorships <sup>1</sup>	Committee Membership <sup>2</sup>	Committee Chairmanship <sup>2</sup>
Mr. Vijay Kumar Chopra <sup>7</sup>	Non Executive, Independent Director	I	Yes	-	-	-
Mr. Rajiv Chhabra <sup>8</sup>	Non Executive, Independent Director	I	N.A	-	-	-
Mr. Iqbal Singh Gumber <sup>9</sup>	Non Executive, Independent Director	I	N.A	2	I	-

**Notes:**

1. Directorships in respect of private limited companies, Section 25 companies and foreign companies have not been included.
2. Position in Audit Committee and Shareholders' Grievance Committee are considered for the purpose.
3. Resigned from the directorship of the Company w.e.f. November 10, 2012.
4. Resigned from the directorship of the Company w.e.f. September 4, 2012.
5. Resigned from the directorship of the Company w.e.f. November 9, 2012.
6. Resigned from the directorship of the Company w.e.f. October 20, 2012.
7. Appointed as an Independent Director of the Company w.e.f. July 1, 2012 and subsequently resigned w.e.f. October 12, 2012.
8. Appointed as an Independent Director of the Company w.e.f. November 9, 2012.
9. Appointed as an Independent Director of the Company w.e.f. November 10, 2012.

None of the Director is a member of more than 10 committees and chairman of more than 5 committees (as specified in clause 49) across all the Companies in which they are Directors.

**3. AUDIT COMMITTEE**
**Composition and attendance:**

The Audit Committee consists of three Directors, two of them are Non-Executive Independent Directors and one is Chairman & Managing Director. The Assistant Company Secretary/Compliance officer acted as Secretary of the Audit Committee. The necessary quorum was present at all the meetings of the Committee.

During the year under review, the Audit Committee met four (4) times on May 10, 2012, August 14, 2012, November 10, 2012 and February 13, 2013. As stipulated, the gap between two committee meetings did not exceed four months.

Name of Member	Designation	No. of Meeting	
		Held during their tenure	Attended
Mr. Sunil Sarin <sup>1</sup>	Chairman	2	1
Mr. Subroto Chaudhury <sup>2</sup>	Chairman	4	4
Mr. V. K. Gupta <sup>3</sup>	Member	2	2
Mr. Adarsh Bagaria <sup>4</sup>	Member	3	2
Mr. Rajiv Chhabra <sup>5</sup>	Member	2	2
Mr. Kapil Puri <sup>6</sup>	Member	2	2

**Notes:**

1. Upon resignation from directorship of the Company, ceased to be Chairman w.e.f. November 9, 2012.
2. Appointed as Chairman w.e.f. November 9, 2012.
3. Upon resignation from directorship of the Company, ceased to be Member w.e.f. October 20, 2012.
4. Upon resignation from directorship of the Company, ceased to be Member w.e.f. November 10, 2012.
5. Appointed as member w.e.f. November 9, 2012.
6. Appointed as member w.e.f. November 9, 2012.

**Brief description of terms of reference**

The terms of reference of Audit Committee includes the matters specified in section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement and broadly comprise as under:

1. Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommend the appointment/re-appointment/replacement or removal of the statutory auditor and the fixation of audit fees and payment for any other services to external auditors;
3. Reviewing with the management, the quarterly/half yearly and annual financial statements before submission to the Board focusing primarily on:
  - a) Any change in the accounting policies and practices;
  - b) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of section 217(2AA) of the Companies Act, 1956;
  - c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - d) Significant adjustments made in the financial statements arising out of audit findings;
  - e) Compliance with accounting standards;
  - f) Compliance with listing and other legal requirements relating to financial statements;
  - g) Disclosure of any related party transactions;
  - h) Qualifications in the draft audit report;
4. Reviewing the Company's financial and risk management policies;
5. Review with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency about the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
6. Review with the management, performance of statutory and internal auditors and adequacy of the internal control systems;
7. Review of the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
8. Discussion with internal auditors any significant findings and follow up there on;
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
10. Discussion with statutory auditors about the scope of audit including observation of auditors (post-audit) to ascertain any area of concern;
11. Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
12. Reviewing the functioning of the Whistle Blower mechanism, in case the same is existing.

#### **Powers of Audit Committee**

The Audit Committee has the following powers:

- i) To investigate any activity within its terms of reference;
- ii) To seek any information from any employee;
- iii) To obtain outside legal or other professional advice;
- iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### **4. REMUNERATION COMMITTEE**

##### **Composition**

The Remuneration Committee has been constituted by the Board of Directors to review and determine the remuneration package of the Executive and Non Executive Directors in accordance with the guidelines laid out by statute and the Listing Agreement with the Stock Exchanges.



The present composition of Remuneration Committee is as follows:

Name of Member	Designation
Mr. Subroto Chaudhury	Chairman
Mr. Sunil Sarin <sup>1</sup>	Member
Mr. V.K. Gupta <sup>2</sup>	Member
Mr. Rajiv Chhabra <sup>3</sup>	Member
Mr. Iqbal Singh Gumber <sup>4</sup>	Member

**Notes:**

1. Upon resignation from directorship of the Company, ceased to be Member w.e.f. November 9, 2012.
2. Upon resignation from directorship of the Company, ceased to be Member w.e.f. October 20, 2012.
3. Appointed as a member w.e.f. November 10, 2012.
4. Appointed as a member w.e.f. November 10, 2012.

No meeting of remuneration committee was held during the year.

The Assistant Company Secretary/Compliance officer acted as Secretary of the Remuneration Committee.

**Remuneration Policy**

The remuneration policy of the Company is to remain competitive in the industry to attract and retain talent and appropriately reward them. The Company while deciding the remuneration package takes into consideration the following:

- a. Financial position of the Company;
- b. Trend in the industry;
- c. Appointee's qualification, experience, past performance, past remuneration etc.;
- d. Neutral view while determining the remuneration package;
- e. Balance between interest of company and shareholders.

**Details of remuneration/sitting fees paid to Executive/Non Executive Directors/ Independent Directors are as follows:**

(Amount in ₹)

Name	Salary & Perquisites	Commission	Sitting Fees	Total
Mr. Kapil Puri	10,05,321	Nil	N.A.	10,05,321
Mr. Adarsh Bagaria	38,01,989	Nil	N.A.	38,01,989
Mr. Sunil Sarin	N.A.	Nil	7,500	7,500
Mr. Subroto Chaudhury	N.A.	Nil	52,500	52,500
Mr. V. K. Gupta	N.A.	Nil	22,500	22,500
Mr. V. K. Chopra	N.A.	Nil	10,000	10,000
Mr. Rajiv Chhabra	N.A.	Nil	20,000	20,000
Mr. Iqbal Singh Gumber	N.A.	Nil	10,000	10,000

Note: The Company has not granted any stock options.

**Number of Equity Shares held by the Director as on March 31, 2013**

Name	Designation	No. of shares held
Mr. Kapil Puri	Chairman and Managing Director	51,69,267

**5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE**

The Company has constituted a Shareholders'/Investors' Grievance Committee to look into among other functions, redressing shareholders complaints like transfer of shares, non-receipt of Annual Report, delay in transfer of shares, non-receipt of declared dividends etc.

During the financial year, the Shareholders'/Investors' Grievance Committee met four (4) times on May 10, 2012, August 14, 2012, November 10, 2012 and February 14, 2013. The Assistant Company Secretary/Compliance Officer acted as secretary of the Shareholders'/Investors' Grievance Committee.

**The present composition of Shareholders'/Investors' Grievance Committee is as follows:**

Name of Member	Designation	No. of Meeting	
		Held during their tenure	Attended
Mr. Kapil Puri	Member	4	4
Mr. Adarsh Bagaria <sup>1</sup>	Member	3	3
Mr. Pravin Kumar <sup>2</sup>	Chairman	3	2
Mr. Subroto Chaudhury <sup>3</sup>	Member	1	1
Mr. Iqbal Singh Gumber <sup>4</sup>	Chairman	1	-

**Notes:**

1. Upon resignation from directorship of the Company, ceased to be Member w.e.f. November 10, 2012.
2. Upto November 10, 2012.
3. Appointed as a Member w.e.f. November 10, 2012.
4. Appointed as a Chairman w.e.f. November 10, 2012.

**Status of Investors' Complaints**

At the beginning of the year	Received during the year	Resolved during the year	Pending
Nil	6	6	Nil

**Name and designation of Compliance officer:**

Ms. Laxmi Kothari – Company Secretary (upto January 31, 2013)

Mr. Dhiraj K. Neve – Assistant Company Secretary (w.e.f. February 1, 2013)

**6. GENERAL BODY MEETINGS**

- a) The details of last three Annual General Meetings of the Company are as follows:

Date	Time	Meetings	Venue of Meeting
September 25, 2012	10.00 a.m.	Annual General Meeting	Mumbai Cricket Association, RG-2, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051
March 20, 2012	10.00 a.m.	Annual General Meeting	M. C. Ghia Hall, 2 <sup>nd</sup> Floor, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg Kala Ghoda, Mumbai - 400 001
September 24, 2010	9.30 a.m.	Annual General Meeting	Mumbai Cricket Association, RG-2, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051

- b) Details of Special Resolutions passed in the previous three Annual General Meetings / Extra-ordinary General Meetings are as under:

Date	Purpose of Special Resolution
September 25, 2012 (AGM)	<ul style="list-style-type: none"> <li>Authority to the Board to create, issue, offer and allot securities of the Company as QIPs/FCCBs/GDRs/ADRs or other permissible securities/ instruments for a value not exceeding ₹ 500 Crores.</li> </ul>
March 20, 2012 (AGM)	<ul style="list-style-type: none"> <li>No Special Resolution was passed.</li> </ul>
March 25, 2011 (EGM)	<ul style="list-style-type: none"> <li>Authority to the Board to offer, issue and allot up to 75,00,000 Equity shares of ₹ 10/- each on preferential basis at a price of ₹ 155/- per share (including premium of ₹ 145/- per share).</li> <li>Authority to the Board to offer, issue and allot up to 15,00,000 warrants convertible into equivalent number of Equity shares, for cash at a price of ₹ 155/- per share (including a premium of ₹ 145/- per share) to promoter.</li> <li>Enabling resolution for raising of fund up to ₹ 500 Crores.</li> </ul>
September 24, 2010 (AGM)	<ul style="list-style-type: none"> <li>Payment of Commission to Non Executive Directors of the Company not exceeding 1% (one per cent) of the net profits of the Company in any year.</li> <li>Enabling resolution for raising of fund up to ₹ 250 Crores.</li> </ul>

- c) Postal Ballot conducted during the year:

During the year under review, the Company conducted one Postal Ballot process, detail of which is given below:

**Result declared on January 21, 2013**

Special resolutions were passed on January 21, 2013 through Postal Ballot pursuant to Section 192A(2) of the Companies Act, 1956, ("the Act") read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2011 under section 17 and 149(2A) of the Companies Act, 1956, for:-

- Alteration of the Main Objects Clause by inserting new sub-clause 2E after the existing sub-clause 2D under Clause III A of the Memorandum of Association of the Company.
- Commencement of new business activities as set out in the newly inserted sub-clause 2E under Clause III A of the Memorandum of Association of the Company.

Mr. Manish L. Ghia, Practicing Company Secretary, Mumbai was appointed as the Scrutinizer to conduct the Postal Ballot process in fair and transparent manner.

The results of the Postal Ballot were declared on January 21<sup>st</sup>, 2013 by the Chairman at the registered office of the Company. The details of voting pattern are as follows:

Sr. No.	Business	Postal Ballot forms received		Valid Votes Casted		
		Total	Valid	Total	In Favour	Against
1.	Special Resolution under section 17 of the Companies Act, 1956 for alteration of the Main Objects Clause by inserting new sub-clause 2E after the existing sub-clause 2D under Clause III A of the Memorandum of Association of the Company.	43	43	14548582	14548582 (100%)	0 (0%)
2.	Special Resolution under Section 149 (2A) of the Companies Act, 1956 for commencement of new business activities.	43	43	14548582	14548582 (100%)	0 (0%)

The resolutions were passed with requisite majority.

- None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a Special Resolution through Postal Ballot.

## 7. DISCLOSURES:

- Related Party Transactions**

The Company did not have any material significant related party transactions having a potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in the notes on accounts.

- Disclosure of Accounting treatment**

The Company has followed all relevant Accounting Standards while preparing the financial statements.

- Code of Conduct**

The Board of Directors has adopted a Code of Conduct for the Board of Directors and Senior Management Personnel of the Company. The said code of conduct is available on the Company's website [www.spancotele.com](http://www.spancotele.com). All Board members and senior management personnel have affirmed compliance with the Code of Conduct. A declaration by the Chairman & Managing Director of the Company affirming the compliance of the same in respect of the financial year ended on March 31, 2013 by the members of the Board and senior management personnel, as applicable to them, is also annexed separately in this Annual Report.

- Proceeds from Public Issues, Right Issues, Preferential Issues etc.**

On May 10, 2012, the Company has issued and allotted 15,00,000 fully paid Equity Shares of ₹ 10/- per share at a price of ₹ 155/- per share (including premium of ₹ 145/- per share) to Mrs. Kavita Puri, Promoter of the Company, upon conversion of even number of warrants issued on preferential basis.

- Disclosure of Risk Management**

The Company has the risk assessment and mitigation procedures in place and the same has been laid before the Board members from time to time.

- **Details of Non-Compliance**

No penalties and strictures have been imposed by SEBI or the Stock Exchange or any Statutory Authorities on matters relating to capital markets during the last three years.

- **CEO/CFO Certification**

A CEO/CFO certification in terms of Clause 49(v) of the Listing Agreement, from Mr. Kapil Puri, Chairman & Managing Director, in respect of financial year was placed before the Board.

- **Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause**

The Company has complied with all the mandatory requirements of this clause. As regards the non-mandatory requirements the extent has been stated in this report against each such item.

## 8. MEANS OF COMMUNICATION

The Company's quarterly / half yearly / yearly results are published in news papers viz. Free Press Journal, Business Standard (English) and Nav Shakti, Lakshadweep (Marathi). Half yearly reports are not being sent to each household of shareholders. These results are displayed on the Company's website: [www.spancotele.com](http://www.spancotele.com) under investor section. Presentations made to Analysts are also displayed on the website of the Company.

Management Discussion and Analysis Report is a part of this Annual Report.

## 9. GENERAL INFORMATION FOR SHAREHOLDERS

<b>A</b>	<b>Annual General Meeting</b> Date and Time Venue	December 31, 2013 at 10.00 A.M Lokmanya Club House, Near Somaiya Hospital Road, Off. Eastern Express Highway, Sion (East), Mumbai - 400022.
<b>B</b>	Financial Calendar Results for : First quarter Second quarter Third Quarter Fourth Quarter	April 1, 2013 to March 31, 2014 On 24 <sup>th</sup> October, 2013 By 14 <sup>th</sup> November, 2013 By 14 <sup>th</sup> February, 2014 By 30 <sup>th</sup> May, 2014 (Audited)
<b>C</b>	Date of Book Closure	December 30, 2013 to December 31, 2013 (both days inclusive)
<b>D</b>	Dividend	Not Applicable
<b>E</b>	Listing on Stock Exchanges	BSE Limited, Mumbai National Stock Exchange of India Limited, Mumbai (Listing fees, as applicable, has been paid in time)
<b>F</b>	Registered Office	8 <sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway, Sion (E), Mumbai – 400 022
<b>G</b>	Registrar & Share Transfer Agent	Bigshare Services Pvt. Ltd. E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka, Andheri (East), Mumbai - 400 072. Tel: 91-22-2847 0652   40430200   2847 0653 Fax: 91-22-2847 5207 E-mail : <a href="mailto:investor@bigshareonline.com">investor@bigshareonline.com</a>
<b>H</b>	Stock Code	BSE Scrip Code : 508976 NSE Symbol: SPANCO
<b>I</b>	ISIN for NSDL and CDSL	INE360B01026

**J Market Price data**

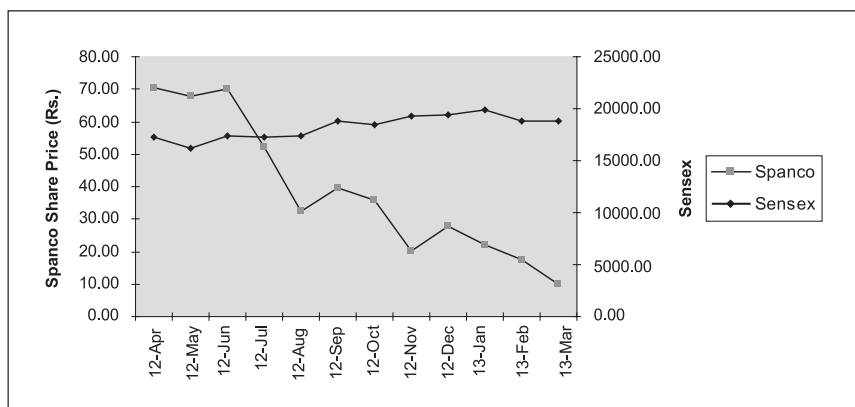
The Equity shares of the Company are listed on the BSE Limited and National Stock Exchange of India Limited. The monthly high and low of the Company's share price is as follows\*:

Stock Exchanges	BSE Limited		Sensex		National Stock Exchange of India Limited		S&P CNX NIFTY	
Month	High Price (₹)	Low Price (₹)	High	Low	High Price (₹)	Low Price (₹)	High	Low
Apr-12	103.80	61.90	17,664.10	17,010.16	99.90	61.10	5378.75	5154.30
May-12	74.00	63.55	17,432.33	15,809.71	74.85	63.10	5279.60	4788.95
Jun-12	73.85	65.00	17,448.48	15,748.98	73.50	64.65	5286.25	4770.35
Jul-12	74.55	50.00	17,631.19	16,598.48	74.85	49.70	5348.55	5032.40
Aug-12	58.95	30.50	17,972.54	17,026.97	59.00	30.00	5448.60	5164.65
Sep-12	41.90	32.40	18,869.94	17,250.80	42.45	31.35	5735.15	5215.70
Oct-12	41.80	35.10	19,137.29	18,393.42	41.80	34.80	5815.35	4888.20
Nov-12	37.95	20.30	19,372.70	18,255.69	37.90	20.20	5885.25	5548.35
Dec-12	35.75	18.30	19,612.18	19,149.03	35.70	18.20	5965.15	5823.15
Jan-13	30.00	22.00	20,203.66	19,508.93	29.95	22.25	6111.80	5935.20
Feb-13	24.50	17.00	19,966.69	18,793.97	24.90	17.45	6052.95	5671.90
Mar-13	17.80	9.55	19,754.66	18,568.43	18.00	9.30	5971.20	5604.85

\* Sources: [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com)

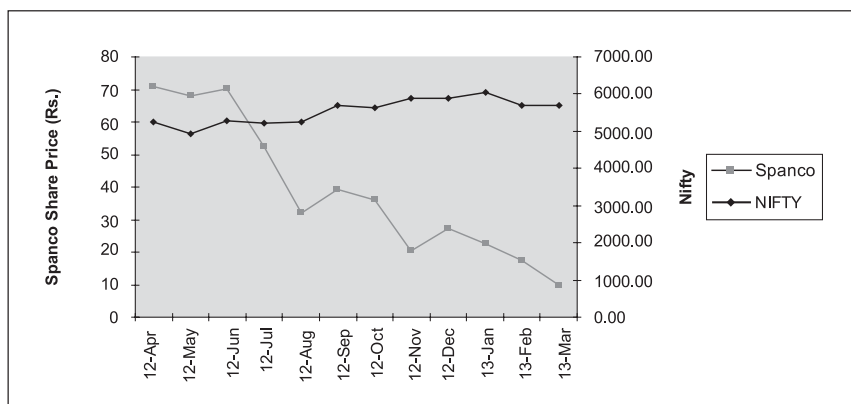
**K Performance of the share price of the Company**

1. Performance of the share price of the Company in comparison to the BSE Sensex: \*



\* Source [www.bseindia.com](http://www.bseindia.com).

2. Performance of the share price of the Company in comparison to the NSE Nifty\*\*



\*\* Source [www.nseindia.com](http://www.nseindia.com)

**L Shareholding Pattern as on March 31, 2013**

a) Distribution of Equity shareholding as on March 31, 2013:

No. of Equity	No. of shareholders	% of shareholders	Holding of Shares	% of shareholding
1-500	6886	84.0268	915485	2.7869
501-1000	606	7.3948	482761	1.4696
1001-2000	316	3.8560	482607	1.4691
2001-3000	112	1.3667	287471	0.8751
3001-4000	56	0.6833	204709	0.6232
4001-5000	39	0.4759	182963	0.5570
5001-10000	80	0.9762	573307	1.7452
10001 and above	100	1.2203	29720697	90.4740
<b>Total</b>	<b>8195</b>	<b>100.0000</b>	<b>32850000</b>	<b>100.0000</b>

b) Category of Equity shareholders as on March 31, 2013

Sr.No.	Category	Shares	%
1.	Govt. [Central & State(s)]	-	-
2.	Govt. Companies	-	-
3.	Public Financial Institutions	2130473	6.49
4.	Nationalised/Other Banks	3978048	12.11
5.	Mutual Funds	-	-
6.	Venture Capital	4186326	12.74
7.	Foreign Holdings (FILs/FCs/FFIs/NRIs/OCBs)	3248439	9.89
8.	Bodies Corporate (Not mentioned above)	3576325	10.89
9.	Directors and Relatives	9497328	28.91
10.	Other top 50 Shareholders	3618504	11.02
11.	Public	2614557	7.96
	<b>Total</b>	<b>32850000</b>	<b>100.00</b>

**M Share Transfer System**

All matters pertaining to transfer of shares are being handled by Bigshare Services Private Limited, the Registrar and Share Transfer Agents of the Company. The share transfer requests received are processed by them and a Memorandum of Transfer is sent to the Company for approval by the Committee. The average time taken for processing share transfer requests including dispatch of share certificates is 15 days, while it takes a minimum of 10-12 days for processing dematerialization requests. The Company regularly monitors and supervises the functioning of the systems so as to ensure that there are no delays or lapses in the systems.

**N Dematerialization of shares and liquidity:**

The Company's shares are compulsorily traded in dematerialized form and 99.11% shares are in dematerialized form as on March 31, 2013.

**O Outstanding ADR/ GDR/Warrants or any convertible instrument**

During the year under review, the Company had issued and allotted 15,00,000 Equity Shares at a price of ₹ 155/- per share (including premium of ₹ 145/- per share) upon conversion of the even number of warrants. As on March 31, 2013, the Company did not have any outstanding ADRs, GDRs, Warrants or any other convertible instruments.

**P Investor Correspondence**

Registrar & Share Transfer Agent:	Company:
Bigshare Services Pvt. Ltd. E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka, Andheri(E), Mumbai - 400 072 Tel: 91-22-2847 0652   40430200   2847 0653 Fax: 91-22-2847 5207 E-mail : investor@bigshareonline.com	The Assistant Company Secretary Spanco Limited 8 <sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway, Sion (E), Mumbai - 400 022 Tel: 022- 67165566 Fax: 022- 67165599 Email : cs@spancotele.com

### **Declaration Regarding Compliance of Code of Conduct**

I, Kapil Puri, Chairman and Managing Director of the Company, hereby declare that all Directors and Senior Management Personnel have confirmed compliance with Code of Conduct as adopted by the Company for the financial period ended March 31, 2013.

**Kapil Puri**  
**Chairman and Managing Director**

Place: New Delhi  
Date: October 24, 2013

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### **Certificate on Corporate Governance**

To  
The members of  
**SPANCO LIMITED**

We have examined the compliance of the conditions of Corporate Governance by **SPANCO LIMITED** ('the Company') for the financial year ended March 31, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with BSE Limited and National Stock Exchange of India Limited.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and based on the information and explanations given to us and the representations made by management and to the best of our knowledge and belief, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the said Listing Agreement.

We state that in respect of Investors' Grievances received, generally no Investors' Grievances are pending for a period exceeding one month against the Company as per records maintained by the Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Manish Ghia & Associates**  
**Company Secretaries**

**Manish L. Ghia**  
**Partner**

Membership No.: FCS 6252  
C.P. No.:3531

Place: Mumbai  
Date: October 24, 2013



## INDEPENDENT AUDITORS' REPORT

To

**The Members of Spanco Limited**

### Report on the Financial Statements

We have audited the accompanying financial statements of SPANCO LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors as on March 31, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For Khandelwal Jain & Co.**  
**Chartered Accountants**  
**Firm Registration No. 105049W**

**Shivratan Agarwal**  
**Partner**  
**Membership No. 104180**

Place: Mumbai

Date: October 24, 2013

## **ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in Paragraph I of our report of other Legal and Regulatory Requirement of even date)

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) Certain fixed assets were physically verified by the management during the year in accordance with a planned programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
  - c) During the year, the Company has not disposed off any substantial part of the fixed asset.
- (ii) a) The management has conducted physical verification of inventory at reasonable intervals during the year.
  - b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out during the year.
- (iii) a) The Company has not granted loan to companies or firms covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub clauses (b), (c), (d) of the clause (iii) of paragraph 4 of the order are not applicable.
  - b) The Company has taken interest free loan from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 21.82 Crores and the year end balance is ₹ 19.88 Crores.
  - c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan are prima facie not prejudicial to the interest of the Company.
  - d) The loan taken is repayable on demand. As informed, the lender has not demanded repayment of such loan during the year, thus, there has been no default on the part of the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
  - b) According to the information and explanation provided by the management, we are of the opinion that the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to 5.00 lacs (Rupees Five Lacs only) or more in respect of a party has been made at price which is reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under section 209(I)(d) of the Companies Act, 1956 for the products of the company.
- (ix) a) *Delays are observed in the deposit of undisputed statutory dues with the appropriate authorities including provident fund, employees' state insurance, income-tax, TDS, value added tax, service tax and other material statutory dues applicable to it. There is no delay in deposit of investor education and protection fund and wealth tax.*
  - b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, service tax, wealth-tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable except of TDS amounting to ₹ 4.78 Crores.
  - c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has accumulated losses amounting to ₹ 152.99 Crores at the end of the financial year and it has also incurred cash losses in the current financial year.

- (xi) Based on our audit procedures and as per the information and explanations given by the management, the Company has defaulted in repayment of dues to domestic financial institutions, banks and debenture holders during the year as follows:

(₹ in Crores)

Nature of Borrowing	Principal	Interest	Period of Default
Debentures	46.00	9.31	April-12 to Mar-13
Term Loan	4.22	0.85	July-12 to Mar-13
Vehicle Loan	0.02	-	Mar-13
Working Capital Loans	390.54	39.90	April-12 to Mar-13

- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantees for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds amounting to ₹ 360 Crores raised on short-term basis have been used for long-term investment.
- (xviii) The Company has made preferential allotment of shares to Mrs. Kavita Puri, party covered in the register maintained under section 301 of the Companies Act, 1956. The price at which shares have been issued is not prejudicial to the interest of the Company.
- (xix) The Company has not issued any debentures during the year under audit. The Company has created security or charge in respect of debentures issued in previous years.
- (xx) During the year the Company has not raised money by way of public issue.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Khandelwal Jain & Co.**  
**Chartered Accountants**  
**Firm Registration No.105049W**

**Shivratan Agarwal**  
**Partner**  
**Membership No. 104180**

Place: Mumbai  
Date : October 24, 2013

**BALANCE SHEET AS AT MARCH 31, 2013**

(₹ in Crores)

	<b>Note No</b>	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	32.85	31.35
Reserves and Surplus	4	356.72	601.39
Money received against Share Warrants	5	-	23.25
<b>Non Current Liabilities</b>			
Long Term Borrowings	6	15.63	69.49
Long Term Provisions	7	1.03	0.97
<b>Current Liabilities</b>			
Short Term Borrowings	8	1,124.64	684.92
Trade Payables	9	316.21	514.96
Other Current Liabilities	10	288.84	222.10
Short Term Provisions	11	38.50	39.89
<b>TOTAL</b>		<b>2,174.42</b>	<b>2,188.32</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Fixed Assets	12		
Tangible Assets		165.97	117.14
Intangible Assets		300.86	2.59
Capital Work-in-Progress		42.13	207.81
Non Current Investments	13	108.48	69.48
Deferred Tax Assets (Net)	14	138.96	4.01
Long Term Loans and Advances	15	1.08	56.91
Other Non Current Assets	16	8.75	9.32
<b>Current Assets</b>			
Current Investments	17	0.13	0.13
Inventories	18	432.61	481.03
Trade Receivables	19	589.92	783.97
Cash and Bank Balances	20	8.53	28.67
Short Term Loans and Advances	21	366.76	392.92
Other Current Assets	22	10.24	34.34
<b>TOTAL</b>		<b>2,174.42</b>	<b>2,188.32</b>
<b>Statement of Significant Accounting Policies</b>	2		
<b>Notes to Financial Statements</b>	1-46		

As per our report of even date

For and on behalf of the Board of Directors

**For Khandelwal Jain & Co.**

Chartered Accountants

Firm Registration No. I05049W

**Shivratan Agarwal**

Partner

Membership No. 104180

**Kapil Puri**

Chairman and Managing Director

**Subroto Chaudhury**

Director

Place : Mumbai

Date : October 24, 2013

Place : New Delhi

Date : October 24, 2013

**STATEMENT OF PROFIT AND LOSS** FOR THE YEAR ENDED MARCH 31, 2013

(₹ in Crores)

	Note No		For the year ended March 31, 2013	For the period ended March 31, 2012
<b>INCOME</b>				
Revenue from Operations	23		1,052.75	971.41
Other Income	24		3.07	5.06
<b>TOTAL REVENUE</b>			<b>1,055.82</b>	<b>976.47</b>
<b>EXPENDITURE</b>				
Purchases of Stock-in-Trade	25		856.67	834.08
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	26		42.79	(89.27)
Employee Benefits Expenses	27		38.27	22.34
Finance Costs	28		119.50	53.30
Depreciation and Amortisation Expense		46.19		18.75
Less : Withdrawn from Revaluation Reserve		0.23	45.96	
Other Expenses	29		396.50	82.81
<b>TOTAL EXPENSES</b>			<b>1,499.69</b>	<b>922.01</b>
<b>Profit \ (Loss) Before Tax [including loss of ₹ Nil (P.Y. ₹ 0.10 Crores) from discontinuing operations]</b>			<b>(443.87)</b>	<b>54.46</b>
<b>Tax Expenses</b>				
Current Tax			-	22.66
Deferred Tax	14		(134.95)	(2.76)
Wealth Tax			0.02	0.01
Taxation for Earlier Year			1.38	-
<b>Profit \ (Loss) After Tax [including loss of ₹ Nil (P.Y. 0.10 Crores) from discontinuing operations]</b>			<b>(310.32)</b>	<b>34.55</b>
<b>Earnings per Equity Share:</b>	36			
Basic			(94.47)	11.02
Diluted			(94.47)	10.52
<b>Statement of Significant Accounting Policies</b>	2			
<b>Notes to Financial Statements</b>	1-46			

As per our report of even date

For and on behalf of the Board of Directors

**For Khandelwal Jain & Co.**

Chartered Accountants

Firm Registration No. 105049W

**Shivratan Agarwal**

Partner

Membership No. 104180

**Kapil Puri**

Chairman and Managing Director

**Subroto Chaudhury**

Director

Place : Mumbai

Date : October 24, 2013

Place : New Delhi

Date : October 24, 2013

**CASH FLOW STATEMENT** FOR THE YEAR ENDED MARCH 31, 2013

(₹ in Crores)

	For the year ended March 31, 2013		For the period ended March 31, 2012	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net Profit \ (Loss) After Taxation and Extraordinary Items</b>		<b>(310.34)</b>		<b>34.55</b>
<u>Adjustments for :</u>				
Depreciation / Amortisation	45.96		18.75	
Provision for Income Tax	-		22.66	
Provision for Deferred Tax	(134.95)		(2.76)	
Provision for Wealth Tax	0.02		0.01	
Interest Income	(39.79)		(18.98)	
Loss / (Profit) on Sale of Fixed Assets	(0.11)		(1.82)	
Interest and Finance Expense	159.29		72.28	
Amortisation of Softwares Developed Cost	6.46		2.36	
Bad Debts Written off (Net)	294.62		-	
Sundry Balances Written Off (Net)	11.39		12.59	
		<b>342.89</b>		<b>105.09</b>
<b>Operating Profit Before Working Capital Changes</b>		<b>32.55</b>		<b>139.64</b>
(Increase) / Decrease in Margin Money kept against Letter of Credit	21.72		(7.21)	
(Increase) / Decrease in Inventories	41.95		(91.40)	
(Increase) / Decrease in Loans and Advances	(149.87)		7.16	
(Increase) / Decrease in Other Current Assets	(0.85)		20.02	
(Increase) / Decrease in Trade Receivables	145.50		(26.88)	
(Decrease) / Increase in Current Liabilities and Provisions	(234.15)		(2.42)	
		<b>(175.70)</b>		<b>(100.73)</b>
<b>Cash Generated from Operations</b>		<b>(143.15)</b>		<b>38.91</b>
Income Tax Paid (Net)		(1.81)		(28.30)
<b>Net Cash (Used) / Generated from Operating Activities</b>		<b>(144.96)</b>		<b>10.61</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets including Capital Work-in-Progress	(183.88)		(79.54)	
Purchase of Investments	(38.99)		0.01	
Refund of Share Application Money	-		2.04	
Interest Received	38.19		19.01	
Proceeds from Sale of Fixed Assets	0.56		36.11	
<b>Net Cash (Used) / Generated from Investing Activities</b>		<b>(184.12)</b>		<b>(22.37)</b>

**CASH FLOW STATEMENT** FOR THE YEAR ENDED MARCH 31, 2013

(₹ in Crores)

	For the year ended March 31, 2013		For the period ended March 31, 2012	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Dividend paid (including Dividend Distribution Tax)	-		(3.64)	
Issue of Shares / Warrants	-		17.44	
Long Term Secured Loans Repaid	(11.51)		(5.29)	
Long Term Secured Loans Received	15.74		0.58	
Increase / (Decrease) in Short Term Secured Loans	320.62		122.51	
(Increase) / Decrease in Balance of Escrow Account	0.03		0.02	
Increase / (Decrease) in Unsecured Loans	112.50		(47.37)	
Interest Paid	(108.16)		(75.09)	
<b>Net Cash (Used) / Generated from Financing Activities</b>		<b>329.22</b>		<b>9.14</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>0.14</b>		<b>(2.62)</b>
<b>Cash and Cash Equivalents at beginning of the year / period</b>		<b>4.51</b>		<b>7.13</b>
<b>Cash and Cash Equivalents at end of the year / period</b>		<b>4.65</b>		<b>4.51</b>
<b><u>Components of Cash and Cash Equivalents</u></b>				
Cash on Hand		1.79		1.12
<b><u>Cash with Banks</u></b>				
- in Current Accounts		1.86		3.42
- Margin Money in Fixed Deposits		4.29		26.01
- Other Fixed Deposits		1.01		0.01
<b>Cash and Bank Balance as per Balance Sheet</b>		<b>8.95</b>		<b>30.56</b>
Less: Balance kept in Escrow Account		0.01		0.04
Less: Margin Money in Fixed Deposits		4.29		26.01
<b>Cash and Cash Equivalents at end of the year</b>		<b>4.65</b>		<b>4.51</b>

**Note:** Cash and cash equivalents include balance in Unpaid Dividend Account of ₹ 0.05 crore (P.Y. ₹ 0.08 crore) which is not available for use.

As per our report of even date

**For and on behalf of the Board of Directors**

**For Khandelwal Jain & Co.**

Chartered Accountants

Firm Registration No. 105049W

**Shivratan Agarwal**

Partner

Membership No. 104180

**Kapil Puri**

Chairman and Managing Director

**Subroto Chaudhury**

Director

Place : Mumbai

Date : October 24, 2013

Place : New Delhi

Date : October 24, 2013



## Notes to Financial Statements

### 1) Nature of Operations

Spanco Limited ('Spanco' or 'the Company') is in the business of creating Technology Infrastructure to help drive governance efficiency across key sectors. Spanco is SEI CMM Level 3 and ISO 9001:2008 certified.

Spanco caters to large complex Technology Infrastructure projects across Government, Power, Transport and Telecom Service Provider's space. Spanco has been an active player in creation of Technology Infrastructure for over a decade and today ranks amongst the best in India. It has presence across India and provides high quality, cost effective scalable Technology Infrastructure solutions. Spanco has recently entered into business of Power Distribution. It already has a formidable presence over a decade in the BPO space catering to India, US/Europe, Middle East and African markets.

Spanco's Business Unit in Government, eGovernance and Transport are predominantly focused on building core infrastructure and providing services to help drive better and more effective governance.

Service Provider Business Unit of Spanco caters to carriers in India providing solutions to meet networking infrastructure requirements of its clients using cutting-edge technologies.

### 2) Statement of Significant Accounting Policies

#### a. Basis of Preparation

The financial statements have been prepared to comply in all material respects with the Notified Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention except for land and office premises which are revalued, on an accrual basis. The accounting policies applied by the Company are consistent with those used in the previous year.

#### b. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. The difference between the actual result and estimate are recognised in the period in which results are known or materialised.

#### c. Tangible Fixed Assets and Capital Work-in-Progress

Fixed assets are stated at cost except for land and office premises which are revalued, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Exchange differences arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable fixed asset.

Capital Work-in-Progress is carried at cost comprising of direct cost, attributable interest and related incidental expenditure.

#### d. Depreciation

Depreciation is provided on fixed assets (other than assets for the Build-Own-Operate-Transfer (BOOT) project, Leasehold Improvements and Intangible Assets) on written down value method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956, which is also in accordance with the management's estimates of useful life of the assets.

Plant and Machinery acquired for BOOT projects is amortised over the life of projects. Leasehold Improvements are amortised over the un-expired period of leasehold premises on a straight-line basis.

#### e. Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### f. Intangible Assets and Amortisation

##### *Goodwill*

Goodwill is amortised on a straight-line basis over a period of ten years.

## Notes to Financial Statements

### *Patent*

Costs relating to patents, which are acquired, are capitalised and amortised on a straight-line basis over a period of five years (useful life as assessed by the management).

### *Software*

Software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include license fees and costs of implementation / system integration services. The management estimates the useful lives of intangible assets to be five years and expects to derive economic benefits from such assets evenly over the period of its useful life. Accordingly, software is amortised over a period of five years on a straight- line basis.

### g. Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Assets subject to operating leases have been included under the head Fixed Assets. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

### h. Borrowing Cost

Borrowing Cost that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. A qualifying asset is one that necessary takes substantial period of time to get ready for intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

### i. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

### j. Inventories

#### *Inventories of Raw Materials and Consumables*

Inventories are ascertained on First-in-First-out method, and are valued at lower of cost and net realisable value.

#### *Inventories of Traded Goods*

Inventories are ascertained on the specific identification of cost method, and are valued at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale.

#### *Software Developed and held for Sale*

Software products developed / under development are stated at lower of cost and net realisable value.

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

Software development costs incurred on products ready for marketing are amortised equally over a period of four years or earlier, based on Management's evaluation of expected sales volumes and duration of the products' life cycles.

## Notes to Financial Statements

### *Work-in-progress*

The work in process in case of network engineering services and other projects is valued based on the percentage of completion of work under respective contracts.

### k. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

#### *Sale of Goods*

Revenue is recognised on delivery / dispatch of goods when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty, Service Tax, Sales Tax and VAT included in the amount of turnover are deducted from turnover (gross).

#### *Income from Services*

Revenues from maintenance contracts / network integration services are recognised pro-rata over the period of the contract as and when services are rendered. Revenue and costs associated with Network Engineering Services are recognised as revenue and expenses respectively by reference to the stage of completion of the project at the balance sheet date.

#### *Software Sales*

Software sales are recognised on customers' acceptance of delivery.

#### *Interest*

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

### l. Foreign Currency Translation

#### *Initial Recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate prevailing between the reporting currency and the foreign currency on the date of the transaction.

#### *Conversion*

Foreign currency monetary items are reported using the rate prevailing at the year end.

#### *Exchange Differences*

Exchange differences, in respect of accounting periods commencing on or after 7th December, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the financial statements and amortised over the balance period of such long-term asset / liability.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

#### *Forward Exchange Contracts not intended for trading or speculation purposes*

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year. The Company does not enter into forward exchange contracts for trading or speculation purposes.

### m. Employee Benefits

#### *Short Term Employee Benefits*

Short term employee benefits are recognised as expenses at the undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered.

## Notes to Financial Statements

### *Retirement Benefits*

- i. Provident Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.
- ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each year. The gratuity liability is funded through group gratuity insurance scheme of Life Insurance Corporation of India.
- iii. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the end of each year.
- iv. Actuarial gains / losses are immediately taken to Statement of Profit and Loss.

### n. Accounting for Taxes on Income

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each Balance Sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

### o. Expenditure on New Projects (including arrangements on BOOT basis)

Expenditure directly relating to setting up of projects is capitalised. Indirect expenditure incurred during setting-up period is capitalised as part of the indirect setting-up cost to the extent to which the expenditure is directly related to construction or is incidental thereto. Other indirect expenditure incurred during the setting-up period which is not related to the setting-up activity nor is incidental thereto is charged to the Statement of Profit and Loss. Income earned during setting-up phase is deducted from the total of the indirect expenditure.

### p. Earnings Per Share ('EPS')

Basic EPS is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted EPS, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### q. Provisions / Contingent Liabilities and Contingent Asset

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are disclosed by way of Notes to Accounts. Contingent Assets are not recognised in the Financial Statements.

### r. Prior Period Items

Prior Period Items are included in the respected heads of accounts and material items are disclosed by way of Notes to Accounts.

### s. Other Accounting Policies

These are consistent with the Generally Accepted Accounting Principles.

## Notes to Financial Statements

### 3) Share Capital

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
<b>Authorised</b>		
75,000,000 (P.Y. 75,000,000) Equity Shares of ₹10/-each	75.00	75.00
<b>Issued</b>		
32,850,000 (P.Y. 31,350,000) Equity Shares of ₹10/-each	32.85	31.35
<b>Subscribed &amp; Paid up</b>		
32,850,000 (P.Y. 31,350,000) Equity Shares of ₹10/-each	32.85	31.35
<b>Total</b>	<b>32.85</b>	<b>31.35</b>

#### 3.1 Reconciliation of number of Equity Shares

	As at March 31, 2013		As at March 31, 2012	
	Number of Shares	Amount (₹ in Crores)	Number of Shares	Amount (₹ in Crores)
Opening Balance	31,350,000	31.35	31,350,000	31.35
Add: Issue against Share Warrants	1,500,000	1.50	-	-
Closing Balance	32,850,000	32.85	31,350,000	31.35

#### 3.2 Rights, Preferences and Restrictions attached to Equity Shares

The Company has one class of equity shares having a par value of ₹10 each. Each shareholder is eligible for dividend and one vote per share held. In case of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amount, in proportion to their shareholding.

#### 3.3 Detail of Equity Shares held by each shareholder holding more than 5% of the aggregate shares in the Company:

Name of Shareholder	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kapil Puri	5,169,267	15.74	9,849,086	31.42
Kavita Puri	4,275,862	13.02	2,775,862	8.85
Monet Limited	4,186,326	12.74	4,186,326	13.35
ICICI Bank Limited	3,977,948	12.11	-	-

### 4) Reserves and Surplus

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
<b>Capital Reserve</b>		
As per last Balance Sheet	6.06	6.06
<b>Securities Premium Account</b>		
Opening Balance	247.08	247.08
Add : On issue of Equity Shares	21.75	-
Closing Balance	<b>268.83</b>	<b>247.08</b>
<b>Debenture Redemption Reserve</b>		
Opening Balance	38.77	33.60
Add : Transfer from surplus in Statement of Profit and Loss	7.41	5.17
Closing Balance	<b>46.18</b>	<b>38.77</b>
<b>General Reserve</b>		
As per last Balance Sheet	<b>144.73</b>	<b>144.73</b>

## Notes to Financial Statements

	As at March 31, 2013	As at March 31, 2012
<b>Revaluation Reserve</b> (Refer Note 30)		
Opening Balance	-	-
Addition during the year	44.14	-
Transfer to Statement of Profit and Loss	0.23	-
Closing Balance	<b>43.91</b>	-
(Cumulative Transfer ₹ 0.23 Crores (P.Y. ₹ Nil))		
<b>Surplus in Statement of Profit and Loss</b>		
Opening Balance	164.75	135.37
Add/(Less) : Net Profit / (Loss) for the year /period	(310.33)	34.55
Less : Transfer to Debenture Redemption Reserves	7.41	5.17
Closing Balance	<b>(152.99)</b>	<b>164.75</b>
<b>Total</b>	<b>356.72</b>	<b>601.39</b>

### 5) Convertible Warrants and issue of Equity Shares

During previous financial years, the Company had issued 1,500,000 warrants to Mrs. Kavita Puri from promoter group carrying an option /entitlement to subscribe for equivalent number of equity shares on a future date, not exceeding 18 (Eighteen) months from the date of issue of such warrants, on preferential basis in terms of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations") for cash at a price of ₹ 155/- per share (including a premium of ₹ 145/- per share). Accordingly, 1,500,000 equity shares of ₹ 10/- each were allotted to Mrs. Kavita Puri at a price of ₹ 155/- per share upon conversion of 1,500,000 convertible warrants.

### 6) Long Term Borrowings

(₹ in Crores)

	As at March 31, 2013		As at March 31, 2012	
	Non Current	Current	Non Current	Current
<b><u>Secured</u></b>				
<b>Non Convertible Redeemable Debentures</b>				
11%	-	2.00	1.00	1.00
11.25%	-	90.00	45.00	45.00
<b>Term loans</b>				
from Lakshmi Vilas Bank (Restructured)	7.17	9.35	7.09	12.73
(Payable ₹ 9.35 Crores in FY 2013-14, ₹ 4.72 Crores in FY 2014-15 and ₹ 2.45 Crores in FY 2015-16)				
from State Bank of Hyderabad	-	4.99	2.52	3.67
from Srei Equipment Finance Pvt. Ltd	-	8.90	-	-
Vehicle Loans (from other parties)	0.38	0.37	0.75	0.41
(Payable ₹ 0.37 Crores in FY 2013-14, ₹ 0.17 Crores in FY 2014-15, ₹ 0.13 Crores in FY 2015-16 and ₹ 0.08 Crores in FY 2016-17)				
Long term maturities of Finance Lease Obligations	1.44	2.70	2.59	1.31
(Payable ₹ 2.70 Crores in FY 2013-14, ₹ 1.44 Crores in FY 2014-15)				
	<b>8.99</b>	<b>118.31</b>	<b>58.95</b>	<b>64.12</b>
<b><u>Unsecured</u></b>				
Long term maturities of Finance Lease Obligations	6.64	24.11	10.54	26.81
(Payable ₹ 24.11 Crores in FY 2013-14, ₹ 6.64 Crores in FY 2014-15)				
	<b>6.64</b>	<b>24.11</b>	<b>10.54</b>	<b>26.81</b>
<b>Total</b>	<b>15.63</b>	<b>142.42</b>	<b>69.49</b>	<b>90.93</b>

## Notes to Financial Statements

### 6.1 Particulars of Security:

- The debentures are secured by a legal mortgage in English form in favour of the trustees on all the Company's properties situated at C01/5008, 5th Row, Ground Floor, A wing, City Mall situated at Plot No 4, Sector 19, Vashi Navi Mumbai, Maharashtra. The debentures are further secured by way of first charge, ranking pari passu, on all the fixed assets (movable and immovable) except all assets having exclusive charge in favour of respective lenders.
- Term loan from Lakshmi Vilas Bank is secured by first charge by way of hypothecation of the OSWAN project assets and further by personal guarantee of Mr. Kapil Puri. Term loan from State Bank of Hyderabad is secured by subservient charge on all the moveable fixed assets of the Company and also by way of personal guarantee of Mr. Kapil Puri.  
Term loan from SREI Equipment Finance Private Limited is secured by charge on the specific IT Equipment acquired out of the said loan.
- Vehicle Loans are secured by way of hypothecation of vehicles acquired out of the said loans.
- Finance Lease obligations are secured against leased assets.

**6.2** The Company has created Debenture Redemption Reserve in accordance with the provisions of section 117C (1) of the Companies Act, 1956.

### 6.3 Details of Default:

(₹ in Crores)

Nature of Borrowing	Principal	Interest	Period of Default
Debentures	46.00	9.31	April-12 to Mar-13
Term Loan	4.22	0.85	July-12 to Mar-13
Vehicle Loan	0.02	-	Mar-13
Finance Lease	17.01	0.69	Oct-12 to Mar-13

### 7) Long Term Provisions

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
<b>Provision for Employee Benefits</b>		
Leave Encashment (Unfunded)	1.03	0.97
<b>Total</b>	<b>1.03</b>	<b>0.97</b>

### 8) Short Term Borrowings

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
<b><u>Secured</u></b>		
<b>Working Capital Loans</b>		
from Banks	973.93	653.31
	<b>973.93</b>	<b>653.31</b>
<b><u>Unsecured</u></b>		
<b>Working Capital Loans</b>		
from Banks	-	15.92
from Other Parties	6.36	8.22
<b>Loans from Related Parties</b>	18.83	0.51
(Refer Note 34)		
<b>Inter Corporate Deposits</b>	125.52	6.96
	<b>150.71</b>	<b>31.61</b>
<b>Total</b>	<b>1,124.64</b>	<b>684.92</b>

### 8.1 Particulars of Security:

- Working Capital facilities from banks are secured by way of first charge on all the movable fixed assets, stock, entire book debts, receivables and other current assets of the Company both present and future ranking pari passu with all banks and also by way of personal guarantee of Mr. Kapil Puri. Loan from State Bank of Mysore is further secured by First exclusive Equitable Mortgage charge over the premises comprising Unit nos 801 and 802 on the 8<sup>th</sup> floor, in the building Godrej Coliseum.

## Notes to Financial Statements

- b. Personal guarantee of Mr. Kapil Puri has been given for unsecured loans from other parties amounting to ₹ 6.36 Crores.
- c. Inter Corporate Deposits of ₹ 6.12 Crores are secured by way of pledge of shares of the Company held by Mr. Kapil Puri.

### 8.2 Details of Default:

(₹ in Crores)

Nature of Borrowing	Principal	Interest	Period of Default
Working Capital Loans	390.54	39.90	April-12 to Mar-13
Inter Corporate Loans	5.00	0.85	Nov-11 to Mar-13

### 9) Trade Payables

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
Micro, Small and Medium Enterprises*	-	-
Others	316.21	514.96
<b>Total</b>	<b>316.21</b>	<b>514.96</b>

\* The Company does not have any dues payable to any Micro and Small Enterprises as at the year end. The identification of Micro and Small Enterprises is based on management's knowledge of their status. The Company has not received any intimation from suppliers regarding their status under the MSMED Act, 2006. Hence, disclosures, if any, relating to amounts unpaid as at the year end, together with interest paid/ payable as required under the said Act have not been given.

### 10) Other Current Liabilities

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
Current maturities of Long Term Borrowings (Refer Note 6)	115.60	62.81
Current maturities of Finance Lease Obligations (Refer Note 6)	26.81	28.12
Interest accrued but not due on Borrowings	4.29	3.99
Interest accrued and due on Borrowings	51.19	0.36
Income received in advance	0.57	1.97
Unpaid Dividends	0.05	0.08
Application money refundable	0.04	0.08
Duties and Taxes Payable	9.65	17.29
Salary Payable	8.72	3.45
Provision and Expenses Payable	39.51	33.49
Bank Overdraft	0.20	7.80
Advance from Customers	30.74	61.51
Other Payables	1.47	1.15
<b>Total</b>	<b>288.84</b>	<b>222.10</b>

### 11) Short Term Provisions

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
<b>Provision for Employee Benefits</b>		
Gratuity (Funded)	0.78	0.36
Leave Encashment (Unfunded)	0.16	0.18
<b>Others</b>		
Provision for Income Tax (Net)	37.53	39.32
Provision for Wealth Tax	0.03	0.03
<b>Total</b>	<b>38.50</b>	<b>39.89</b>



## Notes to Financial Statements

## 12) Fixed Assets

Asset Description Particulars	Gross block					Depreciation / Amortization			Net block	
	As at April 1, 2012	Additions / Revaluation* during the year	Deletions/Sale during the year	As at March 31, 2013	As at April 1, 2012	Depreciation for the year	Depreciation on deletions/sale	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
<b>Tangible Assets</b>										
<b>Own Assets</b>										
Freehold Land (Refer Note 30)	4.06	*21.05	-	25.11	-	-	-	-	25.11	4.06
Guest House	0.21	-	-	0.21	0.09	0.01	-	0.10	0.11	0.12
Leasehold Improvements	2.87	-	-	2.87	1.61	0.38	-	1.99	0.88	1.26
Plant and Machinery (Refer Note 12.1)	136.74	42.73	0.26	179.21	58.58	31.70	0.04	90.24	88.97	78.16
Electrical Installation	2.80	0.20	-	3.00	1.15	0.26	-	1.41	1.59	1.65
Furniture and Fixtures	5.80	0.24	0.12	5.92	2.94	0.55	0.05	3.44	2.48	2.86
Office Equipment	4.50	0.15	0.14	4.51	2.54	0.53	0.07	3.00	1.51	1.96
Computers	6.72	1.40	0.02	8.10	4.31	1.60	0.01	5.90	2.20	2.41
Motor Vehicles	5.48	0.25	0.47	5.26	3.14	0.63	0.44	3.33	1.94	2.34
Office Premises (Refer Note 30)	11.63	*23.10	-	34.73	2.69	0.67	-	3.36	31.37	8.94
<b>Assets under lease</b>										
Plant and Machinery	21.23	-	-	21.23	7.86	3.56	-	11.42	9.81	13.37
<b>Total</b>	<b>202.04</b>	<b>89.12</b>	<b>1.01</b>	<b>290.15</b>	<b>84.91</b>	<b>39.89</b>	<b>0.61</b>	<b>124.18</b>	<b>165.97</b>	<b>117.13</b>
<b>Intangible Assets</b>										
Goodwill	0.50	-	-	0.50	0.50	-	-	0.50	-	-
Software (Plant & Machinery)	10.22	304.59	-	314.81	7.63	6.31	-	13.95	300.86	2.59
Patent*	-	-	-	-	-	-	-	-	-	-
*(₹ 15000)										
<b>Total</b>	<b>10.72</b>	<b>304.59</b>	<b>-</b>	<b>315.31</b>	<b>8.13</b>	<b>6.31</b>	<b>-</b>	<b>14.45</b>	<b>300.86</b>	<b>2.59</b>
<b>Capital Work In Progress</b>										
<b>Grand Total</b>	<b>212.76</b>	<b>393.71</b>	<b>1.01</b>	<b>605.46</b>	<b>93.04</b>	<b>46.20</b>	<b>0.61</b>	<b>138.64</b>	<b>508.95</b>	<b>327.53</b>
Previous year	227.89	9.35	36.11	201.13	73.65	18.52	1.82	90.35	110.78	

Note : 12.1

Plant and machinery given on Operating Lease and acquired for BOOT Projects

Plant and Machinery	Gross Book Value as at					Accumulated Depreciation		Net Book Value	
	31.03.2013	3.03	118.42	31.03.2012	3.03	as at 31.03.2013	as at 31.03.2012	as at 31.03.2013	as at 31.03.2012
Operating Lease									
BOOT Projects									
		3.03	118.42	3.03	1.38	1.11	1.65	1.65	1.92
					69.43	47.14	48.99		71.28

## Notes to Financial Statements

### 13) Non Current Investments (at cost)

(₹ in Crores)

	Extent of holding		As at March 31, 2013	As at March 31, 2012
	As at March 31, 2013	As at March 31, 2012		
<b>Non Trade - Unquoted:</b>				
<b>In Subsidiary Companies:</b>				
Spanco Power Distribution Limited				
2,086,000 (P.Y. 2,086,000 ) equity shares of ₹10/- each , fully paid up	70.36%	70.36%	2.09	2.09
Spanco Limited, Dubai UAE				
7,294,711 (P.Y. 7,294,711 ) equity shares of 1 AED each, fully paid up	100.00%	100.00%	8.54	8.54
Share application money pending allotment			5.22	5.22
Spanco Europe Limited, U.K.				
1,200,000 (P.Y. 1,200,000) equity shares of 1 GBP each, fully paid up	100.00%	100.00%	17.68	17.68
Spanco (S) Pte. Limited, Singapore				
156,508 (P.Y. 156,508) equity shares of 1 SGD each, fully paid up	100.00%	100.00%	2.21	2.21
Global Respondez Inc., U.S.A.				
2,040 (P.Y. 2,040) equity shares (without par value) fully paid up	100.00%	100.00%	0.02	0.02
Spanco BPO Ventures Limited				
50,000 (P.Y. 50,000) equity shares of ₹10/- each, fully paid up	100.00%	100.00%	0.05	0.05
New Delhi Teletech Private Limited				
10,000 (P.Y. 10,000 ) equity shares of ₹10/- each, fully paid up	100.00%	100.00%	0.01	0.01
Spanco CSC Limited				
50,000 (P.Y. 50,000 ) equity shares of ₹10/- each, fully paid up	100.00%	100.00%	0.05	0.05
Spanco Infratel Private Limited				
10,000 (P.Y. 10,000 ) equity shares of ₹10/- each , fully paid up	100.00%	100.00%	0.01	0.01
Spanco IT Infrastructure Private Limited				
10,000 (P.Y. 10,000 ) equity shares of ₹10/- each , fully paid up	100.00%	100.00%	0.01	0.01
<b>In Joint Ventures:</b>				
MP Border Checkpost Development Limited				
47,024,480 (P.Y. 8,024,480) equity shares of ₹10/- each, fully paid up	49.00%	49.00%	47.02	8.02
Bharat BPO Services Limited				
5,000,000 (P.Y. 5,000,000) equity shares of ₹10/- each, fully paid up	49.75%	49.75%	5.00	5.00
Share application money pending allotment			19.85	19.85
<b>Others:</b>				
Global Respondez Services Limited				
6,14,000 (P.Y. 6,14,000) equity shares of ₹10/- each, fully paid up			0.61	0.61
CSC E-Governance Services India Ltd.				
Share application money pending allotment			0.11	0.11
<b>Total</b>			<b>108.48</b>	<b>69.48</b>
Aggregate Cost of Unquoted Investment			108.48	69.48
Aggregate Cost of Quoted Investment			-	-
Aggregate Market Value of Quoted Investment			-	-

## Notes to Financial Statements

### 14) Deferred Tax Assets (Net)

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
Fixed Assets	(28.96)	3.57
Privilege Leave Provisions	0.39	0.37
Disallowances	16.35	0.01
Business Loss	150.88	-
Others	0.30	0.06
<b>Total</b>	<b>138.96</b>	<b>4.01</b>

### 15) Long Term Loans and Advances

(Unsecured, Considered Good)

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
Capital Advances	1.08	56.91
<b>Total</b>	<b>1.08</b>	<b>56.91</b>

### 16) Other Non-current Assets

(Unsecured, Considered Good)

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
Loan term Trade Receivables	7.30	5.99
Margin Money	0.42	1.89
Interest accrued but not due on Margin Money	0.06	0.10
Prepaid Expenses	0.97	1.34
<b>Total</b>	<b>8.75</b>	<b>9.32</b>

### 17) Current Investments

(at lower of cost and market value)

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
<b>Non Trade - Unquoted:</b>		
<b>Mutual Funds</b>		
UTI India Lifestyle Fund 1,00,000 units of ₹10 each (P. Y. 1,00,000 units of ₹10 each)	0.10	0.10
SBI SHF Ultra Short Term Fund 333.180 Units of ₹ 1,000 each (P. Y. 311.883 Units of ₹ 1,000 each)	0.03	0.03
<b>Total</b>	<b>0.13</b>	<b>0.13</b>
Aggregate Cost of Unquoted Investment	0.13	0.13
Aggregate Cost of Quoted Investment	-	-
Aggregate Market Value of Quoted Investment	-	-

## Notes to Financial Statements

### 18) Inventories

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
<b>Valued at lower of cost or net realisable value:</b>		
Stock-in-Trade*	342.71	396.25
<b>Others</b>		
Softwares	10.85	16.46
Consumables	-	0.02
<b>Valued based on the percentage of work:</b>		
Work-in-progress	79.05	68.30
<b>Total</b>	<b>432.61</b>	<b>481.03</b>

\* Includes goods in Bonded Warehouse ₹ 0.85 Crore (P.Y. ₹ 0.85 Crore)

### 19) Trade Receivables

(Unsecured and Considered Good)

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
Over six months from the due date	342.25	313.11
Others	247.67	470.86
<b>Total</b>	<b>589.92</b>	<b>783.97</b>

### 20) Cash and Bank Balances

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
<b>Cash and Cash Equivalents</b>		
Balances with banks		
Current Accounts*	1.81	3.34
Unpaid Dividend	0.05	0.08
Cash on hand	1.79	1.12
<b>Others</b>		
Margin money**	3.87	24.12
Bank deposits with more than 12 months maturity	1.01	0.01
<b>Total</b>	<b>8.53</b>	<b>28.67</b>

\* Balances in current accounts include Escrow accounts ₹ 0.01 Crore (P.Y. ₹ 0.04 Crore)

\*\* Margin money with banks maturing after 12 months from balance sheet date are classified as Non Current. (Refer Note 16)

### 21) Short Term Loans and Advances

(Unsecured and Considered Good)

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
Loans and Advances to Related Parties (Net) (Refer Note 34)	227.91	00.97
Security Deposits	4.34	4.93
Advances recoverable in cash or in kind or for the value to be received	132.65	284.83
Fringe Benefit Tax (Net)	0.14	0.14
Inter Corporate Deposits	1.72	2.05
<b>Total</b>	<b>366.76</b>	<b>392.92</b>

## Notes to Financial Statements

### 22) Other Current Assets

(Unsecured and Considered Good)

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
Unbilled Revenue	9.99	9.97
Interest accrued but not due on Fixed Deposits*	0.16	0.68
Others	0.09	23.69
<b>Total</b>	<b>10.24</b>	<b>34.34</b>

\* Interest accrued on Margin money with banks maturing after 12 months from balance sheet date are classified as non current.

(Refer Note 16)

### 23) Revenue from Operations

(₹ in Crores)

	For the year ended March 31, 2013	For the period ended March 31, 2012
<b>Sale of Products</b>		
Network Integration \ Other Traded Goods	874.95	709.28
Power Distribution Business	-	75.85
Developed Softwares \ Services	123.98	124.74
<b>Income from Services</b>		
Network Integration and Others	52.83	53.67
Network Engineering Services	0.99	7.87
<b>Total</b>	<b>1,052.75</b>	<b>971.41</b>

### 24) Other Income

(₹ in Crores)

	For the year ended March 31, 2013	For the period ended March 31, 2012
<b>Rent Income</b>		
On Lease of Properties/Premises [TDS ₹ Nil (P. Y. ₹ 0.04 Crore)]	-	0.56
On Lease of Assets [TDS ₹ 0.02 Crore (P. Y. ₹ 0.01 Crore)]	0.70	0.31
Foreign Exchange Fluctuation (Net)	1.19	0.87
Profit on Sale of Fixed Assets (Net)	0.11	1.82
Other Non Operating Income	1.07	1.50
<b>Total</b>	<b>3.07</b>	<b>5.06</b>

### 25) Purchases

(₹ in Crores)

	For the year ended March 31, 2013	For the period ended March 31, 2012
Purchases	822.85	818.79
On Conversion of Fixed Assets \ CWIP into Inventory	33.75	14.10
Cost of Materials Consumed - Network Infra	0.07	1.19
<b>Total</b>	<b>856.67</b>	<b>834.08</b>

## Notes to Financial Statements

### 26) Changes in Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade

(₹ in Crores)

	For the year ended March 31, 2013	For the period ended March 31, 2012
<b>Inventories (Opening)</b>		
Finished Goods	396.25	338.85
Work in Progress	68.30	36.43
	<b>464.55</b>	<b>375.28</b>
<b>Inventories (Closing)</b>		
Finished Goods	342.71	396.25
Work in Progress	79.05	68.30
	<b>421.76</b>	<b>464.55</b>
<b>Total</b>	<b>42.79</b>	<b>(89.27)</b>

### 27) Employee Benefit Expenses

(₹ in Crores)

	For the year ended March 31, 2013	For the period ended March 31, 2012
Salaries, Wages and Bonus	35.53	20.60
Company's Contribution to :		
- Provident Fund	1.12	0.64
- Other Funds	0.12	0.12
Gratuity	0.43	0.08
Privilege Leave	0.44	0.09
Placement and Training Cost	0.08	0.07
Staff Welfare Expenses	0.55	0.74
<b>Total</b>	<b>38.27</b>	<b>22.34</b>

#### Gratuity and other Post Employment Plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The scheme is funded with an insurance company in the form of a qualifying insurance policy.

(₹ in Crores)

	Particulars	For the year ended March 31, 2013	For the period ended March 31, 2012
a)	The details of the Company's defined benefit plans for its employees are given below		
	<b>Profit and Loss Account:</b>		
i)	<b>Net employee benefit expense (recognized in employee cost) for the year ended March 31, 2013:</b>		
	Current Service Cost	0.51	0.34
	Interest on Defined Benefit Obligations	0.14	0.07
	Expected Return on Plan Assets	(0.11)	(0.05)
	Net Actuarial (Gain)/ Loss recognized in the year	(0.43)	(0.08)
	<b>Net Gratuity and Other Cost</b>	<b>0.11</b>	<b>0.27</b>
	<b>Actual Return on Plan Assets</b>	<b>(0.01)</b>	<b>0.05</b>
	<b>Balance Sheet:</b>		
	<b>Detail of Provision of Gratuity</b>		
	Defined benefit obligation	1.98	1.69
	Fair value of the plan assets	1.20	1.33

## Notes to Financial Statements

(₹ in Crores)

	Particulars	For the year ended March 31, 2013	For the period ended March 31, 2012
ii)	<b>Changes in the present value of the defined obligation are as follows:</b>		
	Opening Defined Benefit Obligation	1.69	1.63
	Current Service Cost	0.51	0.34
	Interest Cost	0.14	0.07
	Past Service Cost – Vested Benefit	-	-
	Liability Transferred Out	-	(0.11)
	Actuarial (Gain) / Loss	(0.11)	(0.22)
	Benefits Paid	(0.25)	(0.02)
	<b>Closing Defined Benefit Obligation</b>	<b>1.98</b>	<b>1.69</b>
iii)	<b>Change in Fair Value of Plan Assets:</b>		
	Opening Fair Value of the Plan Assets	1.34	1.25
	Expected Return on Plan Assets	0.11	0.05
	Contributions by the Employer	0.00	-
	Transfer to Other Company	-	-
	Benefits Paid	(0.25)	(0.02)
	Actuarial Gain / (Loss)	(0.11)	0.05
	<b>Closing Fair Value of Plan Assets</b>	<b>1.20</b>	<b>1.33</b>
	Company's expected contribution to gratuity in 2013-14	(0.78)	(0.36)
	Excess of (Obligation over plan assets)/ plan assets over obligation	(0.78)	(0.36)
	<b>(Accrued Liability)/ Prepaid Benefit</b>	<b>(0.78)</b>	<b>(0.36)</b>
iv)	<b>Category of Plan Assets as a % of the fair value of the total plan assets as at March 31, 2013:</b>		
	Insurer Managed Funds	100%	100%
	<b>Total</b>	<b>100%</b>	<b>100%</b>
v)	<b>Assumptions used in accounting for the gratuity plan:</b>		
		%	%
	Discount rate	8.5	8.50
	Salary escalation rate	5	5
	Expected rate of return on plan assets	8.6	8.6
	Employee Attrition Rate	2	2

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

### 28) Finance Cost

(₹ in Crores)

	For the year ended March 31, 2013	For the period ended March 31, 2012
<b>Interest Expenses</b>		
- On Fixed Period Loans	14.62	7.67
- On Working Capital and Others	137.39	58.75
Less : Interest Income	39.79	18.98
(TDS ₹ 3.53 Crores [P.Y ₹ 3.61 Crores])		
Other Borrowing Costs	7.28	5.86
<b>Total</b>	<b>119.50</b>	<b>53.30</b>

## Notes to Financial Statements

### 29) Other Expenses

(₹ in Crores)

	For the year ended March 31, 2013	For the period ended March 31, 2012
<b>Direct Expenses</b>		
Freight and Forwarding	0.09	0.40
Amortization of Software's Developed Cost	6.46	2.36
Operation and Maintenance	20.73	11.66
Project Expenses	20.16	18.11
Service\Installation charges	9.45	3.60
Sub Contract Cost	0.93	4.56
Other Direct Expenses	0.74	4.01
<b>Total (A)</b>	<b>58.56</b>	<b>44.70</b>
<b>Indirect Expenses</b>		
Electricity Charges	1.28	0.53
Vehicle Hire Charges	0.39	0.30
Lease Line Charges	0.02	0.01
Sales and Business Promotion	0.78	0.72
<b>Repairs and Maintenance</b>		
- On Building	0.05	0.06
- On Plant and Machinery	0.02	0.01
- On Others	1.07	1.21
Office Establishment Expenses	0.69	0.47
<b>Payment to Auditor</b>		
- Statutory Audit Fees	0.15	0.15
- Tax Audit Fees	0.06	0.06
- Limited Review	0.13	0.09
	<b>0.34</b>	<b>0.30</b>
<b>Rent Expenses</b>		
- On Lease of Properties/Premises	4.03	3.62
- On Lease of Assets	0.04	0.25
Legal, Professional and Consultancy Charges	5.23	3.37
Travelling and Conveyance	3.14	2.84
Rates and Taxes	0.23	0.58
Communication Expenses	1.25	0.67
Insurance	0.96	0.86
Motor Car Expenses	0.44	0.28
Printing Charges	0.56	0.46
Advertisement Expenses	0.02	1.20
Security Charges	0.22	0.21
Bad Debts Written Off	294.62	-
Sundry Balances written off (Net)	11.39	12.59
Miscellaneous Expenses	11.17	7.57
<b>Total (B)</b>	<b>337.94</b>	<b>38.11</b>
<b>Grand Total (A + B)</b>	<b>396.50</b>	<b>82.81</b>

- 30) During the year, the Company, based on the report of an independent valuer, revalued its Land and Office Premises by an amount ₹ 21.05 Crores and ₹ 23.10 Crores respectively, to disclose its true and fair value and an equivalent amount is credited to Revaluation Reserve Account. As a result there is an additional charge of depreciation amounting to ₹ 0.23 Crores and an equivalent amount has been withdrawn from Revaluation Reserve Account and credited to Statement of Profit and Loss. This has no impact on Loss for the year.
- 31) The Board of Directors in its meeting held on 10th November, 2012 had decided to approach the banks through the Corporate Debt Restructuring (CDR) process for restructuring of the Company's debt. The application to that effect was submitted to the CDR Empowered Group (CDR EG) on 28th January, 2013. The same is under consideration of the CDR EG.
- 32) During the year, borrowing costs of ₹ 0.75 Crores (P. Period. ₹ 0.60 Crores) were capitalised.



## Notes to Financial Statements

### 33) Segment Information

The Company is operating in single segment i.e. 'Technology Infrastructure'. As stated in paragraph 4 of Accounting Standard 17 – Segment Reporting, the Company has disclosed segment information in its Consolidated Financial Statements and hence it is not disclosed in these financial statements.

### 34) Related party disclosures under Accounting Standard 18 issued by the Institute of Chartered Accountants of India (This information is compiled by management on the basis of information available and relied upon by auditors).

a. The following are the names of related parties and description of relationship

#### i. Subsidiaries

- a. Spanco BPO Ventures Limited
- b. Spanco BPO Services Limited \*
- c. Spanco Respondez BPO Private Limited \*
- d. Spanco Global Solutions Private Limited \*\*\*
- e. Spanco Great IT Private Limited \*\*\*
- f. Skandsoft Technologies Private Limited \*\*\*
- g. Spanco Infratel Private Limited
- h. Spanco IT Infrastructure Private Limited
- i. New Delhi Teletech Private Limited
- j. Spanco CSC Limited
- k. Spanco Power Distribution Limited
- l. Spanco Nagpur Discom Limited (upto August 31, 2012) \*\*
- m. Spanco Europe Limited, U.K.
- n. Spanco Limited, Dubai, U.A.E.
- o. Spanco (S) Pte. Limited, Singapore
- p. Global Respondez Inc, U.S.A.
- q. Spanco Holdings Inc., U.S.A\*
- r. Spanco BPO Ventures Mauritius Limited (w.e.f. May 07, 2012)\*
- s. Spanco BPO Africa Limited (upto December 31, 2012) \*
- t. Spanco Channel BPO Limited (upto December 31, 2012) \*\*\*\*
- u. Spanco Raps Uganda Limited (upto December 31, 2012) \*\*\*\*\*
- v. Spanco Raps Tanzania Limited (upto December 31, 2012) \*\*\*\*\*
- w. Spanco Raps Kenya Limited (upto December 31, 2012) \*\*\*\*\*
- x. Spanco Raps Tchad SARL (upto December 31, 2012) \*\*\*\*\*
- y. Spanco Raps Niger Limited (upto December 31, 2012) \*\*\*\*\*
- z. Spanco Raps Burkina Faso (SARL) (upto December 31, 2012) \*\*\*\*\*

\* This companies was subsidiaries of Spanco BPO Ventures Limited upto September 30, 2012 and further subsidiary of Spanco BPO Venture Mauritius Limited from October 1, 2012 to December 31, 2012 and from January 1, 2013 Associate of Spanco BPO Venture Mauritius Limited.

\*\* This is wholly owned subsidiary of Sapnco Power Distribution Limited

\*\*\* These companies are subsidiaries of Spanco CSC Limited.

\*\*\*\* This company is wholly owned subsidiary of Spanco BPO Africa Limited.

\*\*\*\*\* These companies are subsidiaries of Spanco BPO Africa Limited.

#### ii. Joint Ventures

- a. Bharat BPO Services Limited
- b. MP Border Checkpost Development Company Limited

#### iii. Associates

- a. Spanco BPO Africa Limited (w.e.f. January 01, 2013)
- b. Spanco Channel BPO Limited (w.e.f. January 01, 2013)\*\*
- c. Spanco Raps Uganda Limited (w.e.f. January 01, 2013) \*\*\*

## Notes to Financial Statements

d. Spanco Raps Tanzania Limited (w.e.f. January 01, 2013) \*\*\*

e. Spanco Raps Kenya Limited (w.e.f. January 01, 2013) \*\*\*

f. Spanco Raps Tchad SARL (w.e.f. January 01, 2013) \*\*\*

g. Spanco Raps Niger Limited (w.e.f. January 01, 2013) \*\*\*

h. Spanco Raps Burkina Faso (SARL) (w.e.f. January 01, 2013) \*\*\*

\*\* This company is wholly owned subsidiary of Spanco BPO Africa Limited.

\*\*\* These companies are subsidiaries of Spanco BPO Africa Limited.

### iv. Key Management Personnel

a. Mr. Kapil Puri (Chairman and Managing Director)

b. Mr. Adarsh Bagaria (Whole Time Director) (upto November 10, 2012)

### v. Relatives of Key Management Personnel

a. Mrs. Kavita Kapil Puri

b. Mrs. Sarika Adarsh Bagaria (upto November 10, 2012)

### vi. Enterprise owned or significantly influenced by group of individuals or their relatives

a. Percept Trading Private Limited

b. Steady Growth Properties Private Limited

c. Global Respondez Services Limited

- b. The following are the volume of transactions with related parties during the year and outstanding balances as at the year end disclosed in aggregate by type of related party:

(₹ in Crores)

Sr. No	Nature of Transactions	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Joint Venture	Enterprises where KMP exercise sig Influence	Total
1	Remunerations (Inclusive of Perquisites)	0.48 (2.51)	- (-)	- (-)	- (-)	- (-)	0.48 (2.51)
2	Loan received from Director	28.28 (3.84)	- (-)	- (-)	- (-)	- (-)	28.28 (3.84)
3	Loan repaid to Director	9.96 (3.70)	- (-)	- (-)	- (-)	- (-)	9.96 (3.70)
4	Inter Corporate Deposit Refund	- (-)	- (-)	0.21 (0.11)	- (-)	- (-)	0.21 (0.11)
5	Investments made in subsidiaries/Joint Ventures	- (-)	- (-)	- (0.04)	39.00 (8.00)	- (-)	39.00 (8.04)
6	Refund of Share application money	- (-)	- (-)	- (2.04)	- (-)	- (-)	- (2.04)
7	Sale of Traded Goods/Services/ Software	- (-)	- (-)	75.27 (238.02)	1.02 (30.08)	- (-)	76.29 (268.10)
8	Rental Expense : Leased Plant & Machinery	- (-)	- (-)	16.54 (8.29)	- (-)	- (-)	16.54 (8.29)
9	Rental Income : Leased Plant & Machinery	- (-)	- (-)	0.83 (0.41)	- (-)	- (-)	0.83 (0.41)
10	Interest Income from Subsidiaries	- (-)	- (-)	32.73 (14.95)	- (-)	- (-)	32.73 (14.95)
11	ICD Interest	- (-)	- (-)	2.10 (1.05)	- (-)	- (-)	2.10 (1.05)
12	Purchase of Traded Goods/ Software	- (-)	- (-)	24.90 (-)	- (-)	- (-)	24.90 (-)
13	Sale of Fixed Assets	- (-)	- (-)	0.27 (-)	- (-)	- (-)	0.27 (-)
14	Loans/ Advance given	- (-)	- (-)	63.32 (15.14)	1.38 (0.01)	- (-)	64.70 (15.15)

## Notes to Financial Statements

Sr. No	Nature of Transactions	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Joint Venture	Enterprises where KMP exercise sig Influence	Total
15	Loans/ Advance refund	-	-	49.25	-	-	49.25
		(-)	(-)	(20.00)	(0.02)	(-)	(20.02)
16	Loans/ Advance taken	-	-	149.06	-	0.02	149.08
		(-)	(-)	(200.44)	(-)	-	(200.44)
17	Loans/ Advance repaid	-	-	147.49	-	-	147.49
		(-)	(-)	(138.26)	(-)	(-)	(138.26)
18	Receipt of Trade Receivables Collection	-	-	-	-	-	-
		(-)	(-)	(83.23)	(-)	(-)	(83.23)
19	Assets given on Lease (Net Book Value)	-	-	1.65	-	-	1.65
		(-)	(-)	(1.92)	(-)	(-)	(1.92)
20	Issue of Warrants on preferential basis	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(17.44)	(17.44)
21	Slump Sale	-	-	-	-	-	-
		(-)	(-)	(98.01)	(-)	(-)	(98.01)
22	Closing Trade Receivables	-	-	23.69	53.06	-	76.75
		(-)	(-)	(35.76)	(112.97)	(-)	(148.73)
23	Closing Trade Payables	-	-	6.73	-	-	6.73
		(-)	(-)	(0.03)	(-)	(-)	(0.03)
24	Closing Loan from Director	18.83	-	-	-	-	18.83
		(0.51)	(-)	(-)	(-)	(-)	(0.51)
25	Loans and advances to related parties	-	-	225.63	2.28	-	227.91
		(-)	(-)	(99.58)	(1.39)	(-)	(100.97)
26	Outstanding credit balance-Loans and Advance	-	-	-	-	1.04	1.04
		(-)	(-)	(-)	(-)	(1.03)	(1.03)
27	Investment Closing Balance	-	-	30.67	52.02	0.61	83.31
		(-)	(-)	(30.67)	(13.02)	(0.61)	(44.30)
28	Investment towards share application money closing balance	-	-	5.22	19.85	-	25.07
		(-)	(-)	(5.22)	(19.85)	(-)	(25.07)

Figures in brackets indicate previous year numbers.

- Corporate guarantee of ₹ 52 Crores [P.Y. ₹ 52 Crores] given in favour of Cisco Systems Capital India Private Limited on behalf of wholly owned subsidiary New Delhi Teletech Private Limited.
- Corporate guarantee and undertaking given to One North East, NY for making an offer of grant to wholly owned subsidiary Spanco Europe Limited of ₹ 0.75 Crore (90,000 pounds) [P.Y. ₹ 0.70 Crore (90,000 pounds)].
- Corporate guarantee of ₹ 0.95 Crore [P.Y. ₹ 0.95 Crores] given in favour of Rentworks India Private Limited for availing operating lease on behalf of subsidiary Spanco BPO Services Limited.
- Corporate guarantee of ₹ 40 Crores [P.Y. ₹ 40 Crores] given in favour of IDBI Bank for providing cash credit facility on behalf of subsidiary Spanco BPO Services Limited.
- Corporate guarantee of ₹ 12 Crores [P.Y. ₹ 12 Crores] given in favour of Bank of Maharashtra for obtaining cash credit facility on behalf of subsidiary Spanco Respondez BPO Private Limited.
- Corporate guarantee of ₹ 37.46 Crores [P.Y. ₹ 37.46 Crores] given in favour of SREI Equipment Finance Private Limited for availing operating lease assistances / facilities on behalf of subsidiary Spanco BPO Services Limited.
- Corporate guarantee of ₹ 25 Crores [P.Y. ₹ 25 Crores] given in favour of UCO Bank for availing short term loan on behalf of subsidiary Spanco BPO Services Limited.
- Corporate guarantee of ₹ 9 Crores [P.Y. ₹ 9 Crores] given in favour of Indusind Bank for obtaining short term loan on behalf of subsidiary Spanco Respondez BPO Private Limited.
- Corporate guarantee of ₹ 75 Crores [P.Y. Nil] given in favour of Essel Utilities Distribution Company for Spanco Nagpur Discom Limited.
- Corporate guarantee of ₹ 1 Crore [P.Y. Nil] given in favour of Bank of Maharashtra for obtaining short term loan on behalf of subsidiary Spanco Respondez BPO Private Limited.

## Notes to Financial Statements

11. Corporate guarantee of ₹ 20.22 Crores [P.Y. Nil] given in favour of The Commissioner of Service Tax Mumbai for subsidiary Spanco BPO Services Limited.

Note: The following transactions constitute more than 10 % of the total related party transactions of the same type:

(₹ in Crores)			
Type of Transaction	Party	Year Ended March 31, 2013	Year Ended March 31, 2012
Remunerations (inclusive of Perquisites)	Mr. Kapil Puri	0.10	1.97
	Mr. Adarsh Bagaria	0.38	0.54
Loan received from Director	Mr. Kapil Puri	28.28	3.84
Loan repaid to Director	Mr. Kapil Puri	9.96	3.70
Inter Corporate Deposit Refund	Skandsoft Technologies Private Limited	0.21	0.11
Interest on Inter-Corporate Deposits	Skandsoft Technologies Private Limited	2.10	1.05
Investment made in Subsidiaries/Joint ventures	MP Border Checkpost Development Limited	39.00	8.00
Refund of share application money	Spanco Limited – Dubai	-	2.04
Sales of Traded Goods/Services/Software	New Delhi Teletech Private Limited	73.32	195.81
	MP Border Checkpost Development Limited	-	29.48
	Spanco Nagpur Discom Limited	-	41.37
Sale of Fixed Assets	Spanco Nagpur Discom Limited	0.27	-
Rental Expense : Lease Plant & Machinery	New Delhi Teletech Private Limited	16.54	8.29
Rental Income : Lease Plant & Machinery	Spanco BPO Services Limited	0.83	0.41
Asset given on Lease (Net Book Value)	Spanco BPO Services Limited	1.65	1.92
Interest Income From Subsidiaries	Spanco BPO Ventures Limited	19.80	8.91
	Spanco CSC Limited	3.37	1.59
	Spanco (S) Pte. Limited	3.82	1.57
	New Delhi Teletech Private Limited	4.06	1.95
Purchase of Traded Goods/ Software	New Delhi Teletech Private Limited	24.90	-
Loan / Advance Given	Spanco BPO Services Limited	11.90	-
	Spanco BPO Ventures Limited	29.31	5.22
	Spanco (S) Pte. Limited	-	2.19
	New Delhi Teletech Private Limited	16.43	6.98
Loan / Advance Refund	Spanco BPO Ventures Limited	40.78	3.07
	New Delhi Teletech Private Limited	-	11.01
	Spanco Power Distribution Limited	-	4.65
Loan / Advance Taken	Spanco Nagpur Discom Limited	108.51	199.88
	Spanco IT Infrastructure Private Limited	38.94	-
Loan / Advance Repaid	Spanco Nagpur Discom Limited	145.52	130.06
Receipt of Trade Receivables Collection	Spanco Nagpur Discom Limited	-	83.23
Slump Sale	Spanco Nagpur Discom Limited	-	98.01
Closing Trade Receivables Balance	New Delhi Teletech Private Limited	21.67	33.85
	MP Border Checkpost Development Limited	48.69	106.85
Closing Trade Payable Balance	Global Respondez Inc USA	-	0.03
	New Delhi Teletech Private Limited	6.70	-
Closing Loan from Director	Mr. Kapil Puri	18.83	0.51

## Notes to Financial Statements

(₹ in Crores)

Type of Transaction	Party	Year Ended March 31, 2013	Year Ended March 31, 2012
Loans and advances to related parties	Spanco BPO Ventures Limited	152.55	144.23
	New Delhi Teletel Private Limited	25.97	24.17
	Spanco (S) Pte. Limited	31.47	25.61
	Spanco CSC Limited	27.12	24.07
	Skandsoft Technologies Private Limited	-	20.13
	Spanco Nagpur Discom Limited	-	(117.17)
	Spanco Respondez BPO Private Limited	-	(13.10)
	Spanco BPO Services Limited	-	(15.38)
	Spanco IT Infrastructure Private Limited	(38.93)	-
	Others	29.73	8.41
Outstanding credit balance Loans and Advance	Global Respondez Services Limited	1.04	1.03
Investments Closing Balance	Spanco Europe Limited	17.68	17.68
	Spanco Limited - Dubai	8.54	8.54
	Bharat BPO Services Limited	-	5.00
	MP Border Checkpost Development Limited	47.02	8.02
Investment towards Share Application Money Closing Balance	Bharat BPO Services Limited	19.85	19.85
	Spanco Limited – Dubai	5.22	5.22

### 35) Particulars of assets acquired \ given under lease

#### Operating leases

Premises for office / godown / flat are obtained on operating lease. The lease term for different agreements are from 11 months to 36 months and renewable for further period at the option of the Company. Out of these contracts, only one contract contains an escalation clause with 6% after every 11 months. There are no restrictions imposed by lease arrangements. There are no sub-leases.

(₹ in Crores)

Particulars	For the Year ended March 31, 2013	For the Period ended March 31, 2012
Operating lease payments recognised in the statement of profit and loss during the year:	0.98	1.29
<u>Minimum lease payments</u>		
Total of future minimum lease payments payable by the Company:		
- Not later than 1 year	0.09	2.54
- Later than 1 year but not later than 5 years	Nil	0.92
- Later than 5 years	Nil	Nil
Total of future minimum lease payments under operating lease	<b>0.09</b>	<b>3.46</b>

#### Finance leases

Plant and Machinery and Capital Work in Progress includes machinery / equipments obtained on finance lease. Lease term is for 27 to 60 months after which legal title is passed to lessee. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.

(₹ in Crores)

Particulars	For the Year ended March 31, 2013	For the Period ended March 31, 2012
Finance lease payments recognised in the statement of profit and loss during the year:	1.03	1.12
Total future minimum lease payments payable by the Company:	19.99	18.03
Less: Unamortised Finance Charges	2.55	1.85
Present Values	17.44	16.18

## Notes to Financial Statements

(₹ in Crores)

Particulars	For the year ended March 31, 2013		For the Period ended March 31, 2012	
	Minimum Lease Payments	Present Values	Minimum Lease Payments	Present Values
Not later than 1 year	10.90	9.52	10.93	9.58
Later than 1 year but not later than 5 years	9.09	7.93	7.10	6.60
Later than 5 years	Nil	Nil	Nil	Nil

### Operating leases – assets given on lease

The Company has leased out Premise and Plant and Machinery on operating lease. The lease term is 60 months. There are escalation clauses in one lease agreement and the lease is renewable at the option of the lessee. There are no restrictions imposed by lease arrangement.

(₹ in Crores)

Particulars	For the Year ended March 31, 2013	For the Period ended March 31, 2012
There are no uncollectible minimum lease payment receivable as at balance sheet date (P.Y. Nil)		
Operating lease Income recognised in the statement of profit and loss during the year:	0.83	0.98
<u>Minimum lease receipts</u>		
Total of future minimum lease receipts receivable by the Company:		
- Not later than 1 year	0.79	0.83
- Later than 1 year but not later than 5 years	-	0.79
- Later than 5 years	-	-
Total of future minimum lease receipts under operating lease	<b>0.79</b>	<b>1.62</b>

### 36) Earnings Per Share (EPS)

(₹ in Crores)

Particulars	For the Year ended March 31, 2013	For the Period ended March 31, 2012
Net profit / (loss) available for equity shareholders	(310.32)	34.55
Weighted average number of equity shares for calculating basic EPS	32,850,000	31,350,000
Equity Shares on account of outstanding Convertible Warrants	-	1,500,000
Weighted average number of equity shares for calculating diluted EPS	-	32,850,000
Nominal value of shares ₹	10	10
Earnings per share		
- Basic ₹	(94.47)	11.02
- Diluted ₹	(94.47)	10.52

### 37) Interest in Joint Ventures

- The Company has a 49.75% interest in assets, liabilities, expenses and income of Bharat BPO Services Limited, incorporated in India, which is involved in Domestic Call Centre Services.
- The Company has a 49.00% interest in assets, liabilities, expenses and income of MP Border Checkpost Development Company Limited, incorporated in India. The said Company has entered into a Concession Agreement (CA) on November 10, 2010 with MP Road Development Corporation Limited (MPRDCL) for construction, operation and maintenance of the Border Checkpost at 24 locations in Madhya Pradesh on build, operate and transfer ("BOT") basis.
- The aggregate of the Company's share of the assets, liabilities as at March 31, 2013 and expenses and income for the period ended March 31, 2013 of jointly controlled entity based on provisional financial statements is as follows :

## Notes to Financial Statements

(₹ in Crores)

Particulars	As at March 31, 2013	As at March 31, 2012
Net Fixed Assets including Capital Work- in- Progress	415.02	273.89
Net Current Assets/Liabilities	(75.37)	(84.78)
Loans / Borrowings	244.47	120.61
Deferred Tax Liability	11.01	7.42
Income	129.47	83.79
Expenses (including depreciation and taxation)	125.50	81.29
Profit After Tax	3.97	(2.50)
Capital Commitments	204.16	303.29
Contingent Liabilities	Nil	1.19

### 38) Capital Commitments

Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) ₹ 0.04 Crore [P.Y. ₹ 47.05 Crores].

### 39) Contingent Liabilities

(₹ in Crores)

Sr. No.	Particulars	As at March 31, 2013	As at March 31, 2012
1	Letters of Credit issued by bankers	2.11	24.86
2	Guarantees given by banks on behalf of the Company	124.25	207.09
3	Guarantees and counter guarantees given by the Company	273.37	177.14
4	Income Tax Demand	-	0.72

### 40) Unhedged Foreign Currency Exposure

Particulars	Currency	Amount in Foreign Currency	Equivalent (₹ in Crores)
Trade Receivable	USD	1,546,653 (1,546,653)	8.35 (7.84)
	OMR	180,500 (180,500)	2.54 (2.42)
	GBP	35,765 (35,765)	0.29 (0.29)
Trade Payables	USD	16,332 (2,984,065)	0.09 (15.38)
Bank Balances (EEFC Account)	USD	3,559 (3,559)	0.02 (0.02)
Cash Balances	EURO	1 (1)	- (-)
	SGD	2 (2)	- (-)
	OMR	20 (20)	- (-)
	LKR	1000 (1,000)	- (-)
	RIYAL	41 (41)	- (-)

## Notes to Financial Statements

Particulars	Currency	Amount in Foreign Currency	Equivalent (₹ in Crores)
Loans and Advances Given	USD	5,222,146 (5,155,825)	28.19 (26.15)
	AED	177,837 (177,837)	0.26 (0.24)
	QAR	368,225 (368,225)	0.52 (0.49)
Loans and Advances Taken	GBP	114,157 (114,157)	0.95 (0.94)

Figures in bracket indicate previous year numbers.

### 41) Information pursuant to Clause 32 of the Listing Agreement with the Stock Exchange Loans and Advances in the nature of loans (₹ in Crores)

Particulars	As at March 31, 2013		As at March 31, 2012	
	Closing Balance	Maximum Balance	Closing Balance	Maximum Balance
<b>Subsidiaries</b>				
Spanco (S) Pte Limited	31.47	31.47	25.61	25.61
Spanco Global Solutions Private Limited	6.92	6.92	6.13	6.21
Spanco Great IT Private Limited	1.31	1.31	0.10	0.15
Spanco Limited, Dubai	0.29	0.29	0.24	0.24
Spanco BPO Ventures Limited	152.55	173.53	144.23	145.97
Spanco IT Infrastructure Private Limited	-	-	0.01	0.01
Spanco Infratel Private Limited	0.01	0.01	0.01	0.01
New Delhi Teletech Private Limited	25.97	33.31	24.17	33.16
Spanco CSC Limited	27.12	27.12	24.07	24.23
Skandsoft Technologies Private Limited	2.64	2.64	2.35	2.37
Global Respondez Inc USA	0.62	0.62	0.53	0.53
Spanco BPO Services Limited	7.75	7.75	-	-
Spanco Power Distribution Limited	1.29	1.29	0.96	5.61
<b>Joint Ventures</b>				
Spanco Golden Key Solutions WLL	-	-	0.49	0.51
Bharat BPO Services Limited	2.28	2.28	0.90	0.90

None of the loanee has made investment in the shares of the Company.

### 42) Supplementary Statutory information

#### a) Earnings in Foreign Currency (Accrual basis)

(₹ in Crores)

Particulars	For the year ended March 31, 2013	For the period ended March 31, 2012
Interest Income	3.93	1.62
<b>Total</b>	<b>3.93</b>	<b>1.62</b>



## Notes to Financial Statements

### b) Expenditure in foreign currency (Accrual basis)

(₹ in Crores)

Particulars	For the year ended March 31, 2013	For the period ended March 31, 2012
Travelling Expenses	0.16	0.04
Interest Expenses	-	0.43
<b>Total</b>	<b>0.16</b>	<b>0.47</b>

### 43) Additional information pursuant to the provision of paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956

Particulars	Opening stock		Purchases		Sales		Closing stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
	Units	₹ in Crores	Units	₹ in Crores	Units	₹ in Crores	Units	₹ in Crores
Communication Equipments	247	0.20	2,188	13.11	2,280	12.44	155	0.17
	(342)	(0.29)	(149)	(3.44)	(244)	(3.45)	(247)	(0.20)
Multiplexor with Spares	2,767	22.38	39,841	117.36	39,216	114.16	3,392	25.96
	(2,533)	(21.38)	(7,905)	(86.22)	(7,671)	(89.26)	(2,767)	(22.38)
Computer with Accessories	3,859	75.88	6,107	462.20	6,313	463.00	3,653	33.03
	(4,133)	(72.10)	(19,381)	(268.60)	(19,655)	(264.35)	(3,859)	(75.88)
Networking Equipments	3,081	72.68	67,203	202.62	64,977	193.06	5,307	75.23
	(3,083)	(59.63)	(113,062)	(150.26)	(113,063)	(136.98)	(3,081)	(72.68)
Software Purchased	1,847	202.08	4,048	12.20	4,065	15.56	1,830	196.80
	(1,828)	(144.98)	(5,937)	(97.41)	(5,918)	(53.46)	(1,847)	(202.08)
Electricity	-	-	-	-	-	-	-	-
	-	-	(185,225,926)	(70.02)	(185,225,926)	(75.85)	-	-
Miscellaneous *	-	2.99	-	29.30	-	41.31	-	1.92
	-	(1.53)	-	(123.47)	-	(128.54)	-	(2.99)
<b>Total</b>	11,801	376.21	119,387	836.79	116,851	839.53	14,337	333.11
	(11,919)	(299.90)	(185,372,360)	(799.44)	(185,372,477)	(751.88)	(11,801)	(376.21)

\* The relevant information regarding turnover, purchases, opening and closing stocks is given only in value terms and no detailed quantitative break-up is given, as either the items are too numerous to be conveniently grouped or quantification not feasible.

### 44) There are no amounts due and outstanding to be credited to investor education and protection fund.

### 45) The figures for current financial year are for 12 months as against 6 months in the previous year. Hence, the figures are not comparable with those of previous year.

### 46) The figures of the previous year have been regrouped, rearranged and reclassified wherever necessary to conform to current year's classification.

As per our report of even date

For and on behalf of the Board of Directors

**For Khandelwal Jain & Co.**

Chartered Accountants

Firm Registration No.105049W

**Shivratan Agarwal**

Partner

Membership No. 104180

**Kapil Puri**

Chairman and Managing Director

**Subroto Chaudhury**

Director

Place : Mumbai

Date : October 24, 2013

Place : New Delhi

Date : October 24, 2013

## **CONSOLIDATED FINANCIAL STATEMENTS**

## **INDEPENDENT AUDITORS' REPORT**

**To**  
**The Board of Directors of Spanco Limited**

### **Report on the Consolidated Financial Statements**

We have audited the accompanying Consolidated Financial Statements of **SPANCO LIMITED** ("the Company") and its subsidiaries (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error; in making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on the Financial Statements / Consolidated Financial Statements of the Subsidiaries, Joint Ventures and Associates as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### **Other Matter**

- a. We did not audit the financial statements / Consolidated financial statements of 6 Indian subsidiaries and 4 foreign subsidiaries whose financial statements/ consolidated financial statements reflect the Group's Share of total assets of ₹ 617.56 crores as at March 31, 2013, total revenue of ₹ 682.91 crores and net cash outflow amounting to ₹ (13.89) crores for the year then ended. These financial statements / consolidated financial statements and other financial information have been prepared by the management of the Company and its subsidiaries in accordance with the generally accepted accounting principles in India and other recognized accounting policies and principles followed by the Company. These financial statements have been audited by a firm of Chartered Accountants and have been included in the consolidated financial statements of the group on the basis of their limited purpose consolidation report received from them and our opinion is based on such report.

- b. The consolidated financial statements and financial information reflect the Group's proportionate share of total assets of ₹ 449.63 crores as at March 31, 2013, total revenue of ₹ 127.87 crores and net cash inflow amounting of ₹ 20.62 crores for the year then ended, of Joint Ventures namely Bharat BPO Services Limited and MP Border Checkpost Development Company Limited. These financial statements /consolidated financial statements and other financial information of joint ventures have been prepared by the management of the Company in accordance with the generally accepted accounting principles in India and other recognized accounting policies and principles followed by the Company. These financial statements have been audited by a firm of Chartered Accountants and have been included in the consolidated financial statements of the Group on the basis of their limited purpose consolidation report received from them and our opinion is based on such report.
- c. The Company's share of profit in an associate aggregating to ₹ 0.07 crore and the net carrying cost of investment as at March 31, 2013 of ₹ 2.72 crore have been accounted for based on financial statements audited by a firm of Chartered Accountants and our opinion is based on such report.

Our opinion is not qualified in respect of other matter.

**For Khandelwal Jain & Co.**  
**Chartered Accountants**  
**Firm Registration No. 105049W**

**(Shivratan Agarwal)**  
**Partner**  
**Membership No. 104180**

**Place : Mumbai**  
**Date : October 24, 2013**

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013**

(₹ in Crores)

	<b>Note No.</b>	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	32.85	31.35
Reserves and Surplus	4	294.18	649.47
Money received against Share Warrants	5	-	23.25
<b>Share Application Money Pending Allotment</b>	6	26.00	45.89
<b>Minority Interest</b>		24.40	26.99
<b>Non Current Liabilities</b>			
Long Term Borrowings	7	252.92	216.64
Other Long Term Liabilities	8	-	7.70
Long Term Provisions	9	2.55	2.10
<b>Current Liabilities</b>			
Short Term Borrowings	10	1,210.05	734.49
Trade Payables	11	432.43	828.91
Other Current Liabilities	12	463.47	395.00
Short Term Provisions	13	46.84	46.68
<b>TOTAL</b>		<b>2,785.69</b>	<b>3,008.47</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Fixed Assets	14		
Tangible Assets		308.40	396.83
Intangible Assets		329.50	42.07
Capital Work-in-Progress		125.03	285.45
Intangible Assets Under Development		403.17	259.69
Goodwill on Consolidation		14.17	31.35
Non Current Investments	15	92.76	7.97
Deferred Tax Assets (net)	16	141.04	8.47
Long Term Loans and Advances	17	70.64	113.38
Other Non Current Assets	18	9.44	24.53
<b>Current Assets</b>			
Current Investments	19	0.14	0.14
Inventories	20	445.90	494.01
Trade Receivables	21	615.46	856.27
Cash and Bank balances	22	31.60	45.00
Short Term Loans and Advances	23	182.02	372.77
Other Current Assets	24	16.42	70.54
<b>TOTAL</b>		<b>2,785.69</b>	<b>3,008.47</b>
<b>Statement of Significant Accounting Policies</b>	2		
<b>Notes to Financial Statements</b>	1-50		

As per our report of even date  
**For Khandelwal Jain & Co.**  
Chartered Accountants  
Firm Registration No.105049W

**For and on behalf of the Board of Directors**

**Shivratan Agarwal**  
Partner  
Membership No. 104180

**Kapil Puri**  
Chairman and Managing Director

**Subroto Chaudhury**  
Director

Place : Mumbai  
Date : October 24, 2013

Place : New Delhi  
Date : October 24, 2013

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

(₹ in Crores)

	Note No.	For the year ended March 31, 2013	For the period ended March 31, 2012
<b>INCOME</b>			
Revenue from Operations	25	1,762.84	1,320.93
Other Income	26	16.85	13.35
<b>TOTAL REVENUE</b>		<b>1,779.69</b>	<b>1,334.28</b>
<b>EXPENDITURE</b>			
Purchases	27	1,232.51	1,003.05
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	28	38.47	(90.20)
Employee Benefits Expenses	29	237.63	118.95
Finance Costs	30	191.63	90.28
Depreciation and Amortisation Expenses	31	97.09	40.51
Other Expenses	32	527.77	129.04
<b>TOTAL EXPENSES</b>		<b>2,325.10</b>	<b>1,291.63</b>
<b>Profit / (Loss) Before Tax</b>		<b>(545.41)</b>	<b>42.65</b>
<b>Tax Expenses</b>			
Current Tax		1.30	23.64
Deferred Tax	16	(134.98)	(8.90)
Wealth Tax		0.03	0.01
Taxation for Earlier Years		1.38	0.06
<b>Profit / (Loss) After Tax</b>		<b>(413.14)</b>	<b>27.84</b>
<b>Minority Interest</b>		<b>(0.33)</b>	<b>(1.29)</b>
<b>Profit / (Loss) for the year after Minority Interest</b>		<b>(412.81)</b>	<b>29.13</b>
<b>Loss on Discontinuation of Subsidiary</b>		<b>(1.29)</b>	<b>-</b>
<b>Share in Profit of Associate Company</b>		<b>0.07</b>	<b>-</b>
<b>Profit / (Loss) for the year / period</b>		<b>(414.03)</b>	<b>29.13</b>
<b>Earnings per Equity Share:</b>	39		
(Nominal value ₹ 10/- each )			
Basic		(126.04)	9.29
Diluted		(126.04)	8.87
<b>Statement of Significant Accounting Policies</b>	2		
<b>Notes to Financial Statements</b>	1-50		

As per our report of even date  
**For Khandelwal Jain & Co.**  
Chartered Accountants  
Firm Registration No. 105049W

**For and on behalf of the Board of Directors**

**Shivratan Agarwal**  
Partner  
Membership No. 104180

**Kapil Puri**  
Chairman and Managing Director

**Subroto Chaudhury**  
Director

Place : Mumbai  
Date : October 24, 2013

Place : New Delhi  
Date : October 24, 2013

**CONSOLIDATED CASH FLOW STATEMENT** FOR THE YEAR ENDED MARCH 31, 2013

(₹ in Crores)

	For the year ended March, 31 2013		For the period ended March, 31 2012	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Net Profit after Taxation and Extraordinary Items</b>		<b>(414.03)</b>		<b>29.13</b>
<u>Adjustments for:</u>				
Depreciation / Amortisation	97.09		40.51	
Provision for Income Tax	1.30		23.64	
Provision for Deferred Tax	(134.98)		(8.90)	
Provision for Wealth Tax	0.03		0.01	
Interest Income	(13.84)		(2.97)	
Sundry Balances Written Off (net)	22.69		13.25	
(Profit) / Loss on Sale of Assets (net)	(0.11)		0.16	
Interest and Finance Expense	205.47		93.25	
Amortisation of Softwares Developed Cost	6.46		2.36	
Preliminary Expenses Written Off	0.03		0.13	
Loss / (Profit) on Sale of Investment	8.41		-	
Bad Debts Written Off / Provisions for Doubtful Debts and Advances	294.68		0.17	
Foreign Currency Fluctuations	4.76		2.96	
		<b>491.99</b>		<b>164.57</b>
<b>Operating Profit Before Working Capital Change</b>		<b>77.96</b>		<b>193.70</b>
(Increase) / Decrease in Margin Money kept against Letter of Credits	21.71		(7.21)	
(Increase) / Decrease in Inventories	41.64		(92.34)	
(Increase) / Decrease in Loans and Advances	1.63		40.02	
(Increase) / Decrease in Other Current Assets	43.58		(19.44)	
(Increase) / Decrease in Trade Receivables	180.89		(98.37)	
(Decrease) / Increase in Current Liabilities and Provisions	(457.55)		239.30	
		<b>(168.10)</b>		<b>61.96</b>
<b>Cash Generated from Operations</b>		<b>(90.14)</b>		<b>255.66</b>
Income Taxes paid (net)		(1.50)		(28.70)
<b>Net Cash (used) / Generated from Operating Activities</b>		<b>(91.64)</b>		<b>226.96</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets including Capital Work-in-Progress	(357.47)		(296.50)	
Forex adjustment on Fixed Asset	(0.01)		(0.70)	
(Increase) / Decrease in Goodwill on Consolidation	17.18		(14.85)	
Decrease / (Purchase) of Investments	(93.20)		12.68	
(Increase) / Decrease in Fixed Deposit	(8.41)		(-)	
Interest Received	12.38		3.12	
Proceeds from Sale of Fixed Asset & Capital Work-in-Progress	122.31		34.44	
<b>Net Cash (used) / Generated in Investing Activities</b>		<b>(307.22)</b>		<b>(261.81)</b>

**CONSOLIDATED CASH FLOW STATEMENT** FOR THE YEAR ENDED MARCH 31, 2013

(₹ in Crores)

	For the year ended March, 31 2013		For the period ended March, 31 2012	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase in Share Capital (Including Share Premium)	23.25		55.60	
Increase / (Decrease) in Share Application Money	(19.89)		(91.00)	
Issue of Convertible Share Warrants	(23.25)		17.44	
Dividend paid during the year	-		(3.64)	
Increase in Long Term Borrowing	91.99		48.96	
(Increase) / Decrease in Escrow Account	0.03		0.01	
Increase / (Decrease) in Minority Interest	(2.60)		23.26	
Increase / (Decrease) in Short Term Loans	475.55		76.76	
Interest Paid	(147.75)		(96.06)	
<b>Net Cash (used) / Generated in Financing Activities</b>		<b>397.33</b>		<b>31.33</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>(1.53)</b>		<b>(3.52)</b>
<b>Cash and Cash Equivalents at beginning of the year / period</b>		<b>20.75</b>		<b>24.27</b>
<b>Cash and Cash Equivalents at end of the year / period</b>		<b>19.22</b>		<b>20.75</b>
<b><u>Component of Cash and Cash Equivalent</u></b>				
Cash on hand		1.86		2.88
Cheques on hand		-		2.60
<b><u>Cash with Banks</u></b>				
-in Current Accounts		17.32		15.23
-Unpaid dividend		0.05		0.08
-as Margin Money in Fixed Deposits		4.35		26.07
-Other Fixed Deposits		8.44		0.03
<b>Cash and Bank Balance as per Balance Sheet</b>		<b>32.02</b>		<b>46.89</b>
Less: Balance kept in Escrow Account		0.01		0.04
Less: Margin Money in Fixed Deposits		4.35		26.07
Less: Other Fixed Deposits		8.44		0.03
<b>Cash and Cash Equivalents at end of the year / period</b>		<b>19.22</b>		<b>20.75</b>

As per our report of even date

For and on behalf of the Board of Directors

**For Khandelwal Jain & Co.**

Chartered Accountants

Firm Registration No. 105049W

**Shivratan Agarwal**

Partner

Membership No. 104180

**Kapil Puri**

Chairman and Managing Director

**Subroto Chaudhury**

Director

Place : Mumbai

Date : October 24, 2013

Place : New Delhi

Date : October 24, 2013



## Notes to Consolidated Financial Statement

These Consolidated Financial Statements relate to Spanco Limited ("the Company") and its subsidiary companies and joint ventures. The Company along with its subsidiaries and joint venture constitutes "the Group".

### 1) Nature of Operations

Spanco Limited along with its subsidiaries, joint venture companies (collectively known as 'the Group') is one of the leading Technology Infrastructure Company with dedicated System Integration and BPO arms. Spanco is SEI CMM Level 3 and ISO 9001-2008 certified.

Spanco caters to large complex Technology Infrastructure projects across Government, Power, Transport and Telecom Service Provider's space. Spanco has been an active player in creation of Technology Infrastructure for over a decade and today ranks amongst the best in India. It has presence across India and provides high quality, cost effective scalable Technology Infrastructure solutions. Spanco has recently entered into business of Power Distribution. It already has a formidable presence over a decade in the BPO space catering to India, US/Europe, Middle East and African markets.

Spanco's Business Unit in Government, eGovernance and Transport are predominantly focused on building core infrastructure and providing services to help drive better and more effective governance.

Service Provider Business Unit of Spanco caters to carriers in India providing solutions to meet networking infrastructure requirements of its clients using cutting-edge technologies.

In the Business Process Outsourcing services, the Group helps companies to achieve improved business performance. It brings together state-of-the art infrastructure, advanced technology, best people and process excellence, to deliver services that create a real value impact on its clients' businesses. The service portfolio includes inbound and outbound call management and back office operations support.

### 2) Statement of Significant Accounting Policies

#### a. Basis of preparation and consolidation

These consolidated financials are prepared in accordance with accounting principles generally accepted in India under the historical cost convention except for land and office premises which are revalued, on the accrual basis of accounting, and complying in all material respects with the notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 ('the Act'). The accounting policies applied by the Group are consistent with those used in the previous years except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use. The financial statements of all the subsidiaries and joint ventures are drawn up to the same reporting date as of the Company i.e. March 31, 2013.

The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under Accounting Standard (AS) 21, 'Consolidated Financials Statements', Accounting Standard (AS) 23, Accounting for Investment in Associates in Consolidated Financial Statement and Accounting Standard (AS) 27, 'Financial Reporting of Interest in Joint Venture', issued by the Institute of Chartered Accountants of India (ICAI). The financial statements of the Company and its subsidiaries are consolidated on a line by line basis by adding together like items of assets, liabilities, income and expenses. Any excess of the cost to the parent company of its investment in a subsidiary or joint venture and the parent company's portion of equity of that entity at the date, at which such investment is made, is described as goodwill and recognized separately as an asset in the consolidated financial statements. When the cost to the parent of its investment in a subsidiary or joint venture is less than the parent's portion of equity of that entity at the date at which such investment in the entity is made, the difference is treated as a capital reserve and is netted off against the goodwill on consolidation to the extent possible. All significant inter-company transactions, related unrealised profits / losses, and balances between the entities included in the consolidated financial statements have been eliminated.

Minority Interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to minority shareholders at the dates on which the investments are made by the Company in subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above. If the losses applicable to the minority in a consolidated subsidiary exceed the minority interest in the equity of the subsidiary, the excess, and any further losses applicable to the minority, are adjusted against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses. If the subsidiary subsequently reports profits, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

The financial statements of the joint ventures have been consolidated in accordance with the proportionate consolidation method prescribed in AS 27.

The Investment in Associates are accounted for using equity method in accordance with AS 23.

## Notes to Consolidated Financial Statement

The significant accounting policies adopted by the Group, in respect of the consolidated financial statements are set out below.

- i. The following subsidiary companies are considered in the consolidated financial statements:

Name of Subsidiary	Country of Incorporation	Ownership Interest	
		March 31, 2013	March 31, 2012
Spanco BPO Ventures Limited	India	100.00%	100.00%
Spanco BPO Services Limited *	India	100.00%	95.00%
Spanco Respondez BPO Private Limited *	India	95.00%	95.00%
Spanco Holdings Inc.*	USA	100.00%	100.00%
Spanco Power Distribution Limited	India	70.36%	70.36%
Spanco Nagpur Distribution Limited (upto August 31, 2012) **	India	5.00%	100.00%
Spanco CSC Limited	India	100.00%	100.00%
Spanco Global Solutions Private Limited ***	India	100.00%	100.00%
Spanco Great IT Private Limited ***	India	100.00%	100.00%
Skandsoft Technologies Private Limited ***	India	51.00%	51.00%
Spanco Infratel Private Limited	India	100.00%	100.00%
Spanco IT Infrastructure Private Limited	India	100.00%	100.00%
New Delhi Teletech Private Limited	India	100.00%	100.00%
Spanco Europe Limited	UK	100.00%	100.00%
Spanco Limited	UAE	100.00%	100.00%
Spanco (S) Pte. Limited	Singapore	100.00%	100.00%
Global Respondez Inc.	USA	100.00%	100.00%
Spanco BPO Venture Mauritius Limited (w.e.f. May 07,2012)*	Mauritius	100.00%	-
Spanco BPO Africa Limited * (upto December 31, 2012)	Mauritius	-	50.10%
Spanco Channel BPO Limited ***** (upto December 31, 2012)	Nigeria	-	100.00%
Spanco Raps Uganda Limited ***** (upto December 31, 2012)	Uganda	-	66.67%
Spanco Raps Tanzania Limited ***** (upto December 31, 2012)	Tanzania	-	66.67%
Spanco Raps Kenya Limited ***** (upto December 31, 2012)	Kenya	-	66.67%
Spanco Raps Tchad SARL ***** (upto December 31, 2012)	Chad	-	90.00%
Spanco Raps Niger Limited ***** (upto December 31, 2012)	Niger	-	90.00%
Spanco Raps Burkina Faso (SARL) ***** (upto December 31, 2012)	Burkina Faso	-	90.00%

\*These Companies are the subsidiaries of Spanco BPO Ventures Limited. Spanco BPO Africa Limited was subsidiaries of Spanco BPO Ventures Limited upto September 30, 2012 and subsidiary of Spanco BPO Venture Mauritius Limited from October 1, 2012 to December 31, 2012.

\*\*This is the wholly owned subsidiary of Spanco Power Distribution Limited.

\*\*\*These companies are subsidiaries of Spanco CSC Limited.

\*\*\*\*This company is wholly owned subsidiary of Spanco BPO Africa Limited

\*\*\*\*\*These companies are subsidiaries of Spanco BPO Africa Limited.

## Notes to Consolidated Financial Statement

- ii. The Joint Ventures and Associates considered in the consolidated financial statements are:

	Country of Incorporation	Ownership Interest	
		March 31, 2013	March 31, 2012
<b>Joint Ventures:</b>			
Bharat BPO Services Limited	India	49.75%	49.75%
M.P. Border Checkpost Development Company Limited	India	49.00%	49.00%
<b>Associate:</b>			
Spanco BPO Africa Limited*	Mauritius	24.95%	-

\*Associate of Spanco BPO Venture Mauritius Limited w.e.f. January 1, 2013.

**b. Use of Estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. The difference between the actual result and estimate are recognised in the period in which results are known or materialised.

**c. Tangible Fixed Assets and Capital Work in Progress**

Fixed assets including assets taken under finance lease arrangements are stated at cost except for land and office premises which are revalued, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Exchange differences arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable fixed asset.

Capital Work in Progress is carried at cost comprising of direct cost, attributable interest and related incidental expenditure.

**d. Depreciation**

Depreciation is provided on fixed assets (other than assets for the Build-Own-Operate-Transfer (BOOT) project, leasehold improvements and intangible assets) on written down value method except in case of certain subsidiaries / joint ventures where depreciation is provided on straight line method.

The rates of depreciation except in case of certain subsidiaries / joint ventures are as provided under Schedule XIV to the Companies Act, 1956. In case of foreign subsidiaries / joint ventures, depreciation has been provided based on the rates prescribed by the laws applicable in the respective countries. The rates being applied as specified above are also in accordance with the management's estimates of useful lives of the assets. This exception is not material.

Plant and Machinery acquired for BOOT projects has been amortised over the life of projects. Leasehold Improvements are amortised over the un-expired period of leasehold premises on a straight-line basis.

**e. Impairment**

The carrying amount of Goodwill on consolidation is reviewed at each balance sheet date. The carrying amounts of other assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**f. Intangible Assets and Amortisation**

*Goodwill:*

Goodwill (other than Goodwill on consolidation) is amortised on a straight-line basis over a period of ten years.

*Patent:*

Costs relating to patents, which are acquired, are capitalised and amortised on a straight-line basis over a period of five years (useful life as assessed by the management).

## Notes to Consolidated Financial Statement

### *Software:*

Software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include license fees and costs of implementation / system integration services. The management estimates the useful lives of intangible assets to be five years and expects to derive economic benefits from such assets evenly over the period of its useful life. Accordingly, software is amortised over a period of five years on a straight- line basis.

### *Right under Service Concession Arrangements:*

The Group develops, operates and maintains Checkposts under public –to-private Service Concession Arrangements (SCA) which it operates and maintains for periods specified in the SCA. Under the SCA, where the Group has received the right to charge users of the public service, such right is recognised and classified as “Intangible Assets”. Such right is not an unconditional right to receive consideration because the amounts are contingent to the extent that the public uses the service and thus are recognised and classified as intangible assets. Such an intangible assets is recognised by the Group at cost (which is the fair value of the consideration received or receivable for the construction service delivered). Consideration for various services (i.e construction or upgrade service, operation and maintenance service etc.) under the SCA is allocated on the basis of costs actually incurred or the estimates of cost of service to be delivered. The Group has contractual obligations to maintain the infrastructure to a specified level of serviceability or restore the infrastructure to a specified condition before it is handed over to the grantor of the SCA. Such obligations are measured at the best estimate of the expenditure that would be required to settle the obligation at the balance sheet date. In case of intangible assets the timing and amount of such cost is estimated and recognised on an undiscounted basis by charging costs to revenue on the units of usage method i.e. on the number of vehicles expected to use the project facility. Over the period at the end of which the overlay is estimated to be carried out based on technical evaluation by independent experts.

The intangible rights under Service Concession Arrangements are amortised on the units of usage method i.e. on the number of users expected to use the project facility over the concession period as estimated by the management.

### **g. Leases**

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Assets subject to operating leases have been included under the head ‘Fixed Assets’. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

### **h. Borrowing Cost**

Borrowing Cost that is directly attributable to the acquisition, construction or production of a qualifying asset is capitalized as part of the cost of the asset. A qualifying asset is one that necessary takes substantial period of time to get ready for intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

### **i. Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

### **j. Inventories**

#### *Inventories of Raw Materials and Consumables:*

Inventories are ascertained on First-in-First-out method, and are valued at lower of cost and net realizable value.

## Notes to Consolidated Financial Statement

### *Inventories of Manufactured Finished Goods:*

Inventories are valued at lower of cost and net realizable value. Cost includes cost of conversion of raw material into finished goods.

### *Inventories of Traded Goods:*

Inventories are ascertained on the specific identification of cost method, and are valued at lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### *Software Developed and held for Sale:*

Software products developed / under development are stated at lower of cost and net realisable value.

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

Software development costs incurred on products ready for marketing are amortised equally over a period of four years or earlier, based on Management's evaluation of expected sales volumes and duration of the products life cycles.

### *Work-in-progress:*

The work-in-progress in case of network engineering services and other projects is valued based on the percentage of completion of work completed under respective contracts.

## **k. Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue recognised in excess of billing is classified as unbilled revenue.

### *Sale of Goods:*

Revenue is recognised on delivery/dispatch of goods when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty, Service Tax, Sales Tax and VAT included in the amount of turnover are deducted from turnover (gross).

### *Supply of Power:*

Revenue from sale of electrical energy is accounted for on the basis of billing to consumers and is inclusive of energy charges, fixed charges, fuel adjustment charges (FAC), adjustment charges and additional charges as per the relevant Tariff Regulation /Tariff orders notified by MERC and DF agreement with MSEDCL. Generally all consumers are billed on the basis of recording of energy consumption by installed meters. Where meters have stopped working or are faulty, the bills are generated on the basis of average of the consumption recorded by installed meters for past 12 months.

Interest on overdue receivables of energy bills is accounted for as and when recovered as PF penalty and incentive.

### *Income from Services:*

Revenues from maintenance contracts / network integration services are recognised pro-rata over the period of the contract as and when services are rendered. Revenue and costs associated with network engineering services are recognised as revenue and expenses respectively by reference to the stage of completion of the project at the balance sheet date.

Income from services on revenue sharing basis is recognized on accrual basis, when no significant uncertainty exists regarding realization of the revenue.

Revenue from call centre services rendered is recognised as the service is performed.

Revenue from rendering of services for facilitating I 39 for IRCTC, Dial-a-Ticket, Dial-a-Package and Advertisement through jingles is recognised on accrual basis as per agreement with respective parties, where no significant uncertainty exists regarding realization of the revenue.

### *Software sales:*

Software sales are recognised on customer's acceptance of delivery.

### *Revenue recognition under Service Concession Arrangements:*

Revenue from construction services is recognized according to the stage of completion of the contract which depends on the proportion of cost incurred for the work performed till date to the total estimated contract costs provided the outcome of the contract can be reliably estimated. When the outcome of the contract cannot be reliably estimated but the overall contract is

## Notes to Consolidated Financial Statement

estimated to be profitable, revenue is recognized to the extent of recoverable costs. Any expected loss on a contract is recognized as an expense immediately. Revenue is not recognised when the concerns about collection are significant.

Revenue from operating and maintenance services is recognized in the period in which such services are rendered.

Revenue from intangible assets is recognised in the period of collection which is generally coincides with the usage of the public service or where from such rights have been auctioned, in the period to which auctioned amount relates.

*Interest:*

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

### I. Foreign Currency Translations

*Initial Recognition:*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate prevailing between the reporting currency and the foreign currency at the date of the transaction.

*Conversion:*

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

*Exchange Differences:*

Exchange differences arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the enterprise's financial statements and amortised over the balance period of such long-term asset/liability.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

*Forward Exchange Contracts not intended for trading or speculation purposes:*

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts other than those relating to long term foreign currency monetary items are recognised in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year. The Group does not enter into forward exchange contracts for trading or speculation purposes.

*Translation of Integral and Non-integral foreign operation:*

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

### m. Capital Receipt

Grant received / receivable from Maharashtra State Electricity Distribution Company Limited for Distribution of Power Business is treated as capital receipt and accounted as capital reserve.

## Notes to Consolidated Financial Statement

### **n. Employee Benefits**

#### *Short Term Employee Benefits:*

Short term employee benefits are recognised as expenses at the undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered.

#### *Retirement Benefits:*

- i. Provident Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.
- ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each year. The gratuity liability is funded through group gratuity insurance scheme of Life Insurance Corporation of India.
- iii. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the end of each year.
- iv. Actuarial gains/losses are immediately taken to Statement of Profit and Loss.
- v. The Group has made all the payments including taxes, insurance and other social security schemes for employees' benefits in accordance with the relevant laws and regulations of the country of residence, applicable to the various companies in the Group. The same is charged to Statement of Profit and Loss on accrual basis. There are no obligations beyond the Company's contribution.

### **o. Accounting for Taxes on Income**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the company does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal Income Tax during the specified period.

### **p. Expenditure on New Projects (including arrangements on BOOT basis)**

Expenditure directly relating to setting up of projects is capitalised. Indirect expenditure incurred during setting-up period is capitalised as part of the indirect setting-up cost to the extent to which the expenditure is directly related to construction or is incidental thereto. Other indirect expenditure incurred during the setting-up period which is not related to the setting-up activity nor is incidental thereto is charged to the Statement of Profit and Loss. Income earned during setting-up phase is deducted from the total of the indirect expenditure.



## Notes to Consolidated Financial Statement

### q. Earnings Per Share ('EPS')

Basic EPS is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted EPS, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### r. Provisions / Contingent Liabilities and Contingent Asset

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are disclosed by way of Notes to Accounts. Contingent Assets are not recognised in the Financial Statements.

### s. Cash and Cash equivalents

Cash and cash equivalents in the cash flow comprise cash at bank and in hand and short term investment with an original maturity period of three months or less.

### t. Prior Period Items

Prior Period Items are included in the respective heads of accounts and material items are disclosed by way of Notes to Accounts.

### u. Pre-operative expenditure

Expenses incurred till the commencement of business are carried forward as preoperative expenditure and would be capitalised to the fixed assets in the year of commencement of business.

### v. Preliminary expenditure

Expenses incurred for formation of the companies would be charged off to Statement of Profit and Loss over the period of ten years starting from the year of commencement of business.

### w. Segment Reporting Policies

*Identification of segments:*

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The analysis of geographical segments is based on the countries in which the markets for the major operating divisions/ companies of the Group operate.

*Inter segment Transfers:*

The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

*Allocation of common costs:*

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

*Unallocated items:*

It includes general corporate income and expense items which are not allocated to any business segment.

*Segments Policies:*

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

### x. Other Accounting Policies

These are consistent with the Generally Accepted Accounting Principles.



## Notes to Consolidated Financial Statement

### 3) Share Capital

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
<b>Authorised</b>		
75,000,000 (PY. 75,000,000) Equity Shares of ₹10/- each	75.00	75.00
<b>Issued</b>		
32,850,000 (PY. 31,350,000) Equity Shares of ₹10/- each	32.85	31.35
<b>Subscribed and Paid up</b>		
32,850,000 (PY. 31,350,000) Equity Shares of ₹10/- each	32.85	31.35
<b>Total</b>	<b>32.85</b>	<b>31.35</b>

#### 3.1 Reconciliation of number of Equity Shares

(₹ in Crores)

	As at March 31, 2013		As at March 31, 2012	
	Number of Shares	Amount (₹ in Crores)	Number of Shares	Amount (₹ in Crores)
Opening Balance	31,350,000	31.35	31,350,000	31.35
Add: Issue against Share Warrants	1,500,000	1.50	-	-
Closing Balance	32,850,000	32.85	31,350,000	31.35

#### 3.2 Rights, Preferences and Restrictions attached to Equity Shares

The Company has one class of equity shares having a par value of ₹10 each. Each shareholder is eligible for dividend and one vote per share held. In case of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amount, in proportion to their shareholding.

#### 3.3 Details of Equity Shares held by each shareholder holding more than 5% of the aggregate shares in the Company.

Name of Shareholder	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kapil Puri	5,169,267	15.74	9,849,086	31.42
Kavita Puri	4,275,862	13.02	2,775,862	8.85
Monet Limited	4,186,326	12.74	4,186,326	13.35
ICICI Bank Limited	3,977,948	12.11	-	-

### 4) Reserves and Surplus

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
<b>Capital Reserve</b>		
Opening Balance	17.74	6.06
Add : Receivable from MSSEDCL	-	12.00
Less : Transferred to Statement of Profit and Loss	-	0.32
Less : Adjusted on discontinuation of a Subsidiary	11.68	-
Closing Balance	<b>6.06</b>	<b>17.74</b>
<b>Securities Premium Account</b>		
Opening Balance	302.78	247.18
Add : On issue of Equity Shares	21.75	-
Add : On issue of Equity Shares by a subsidiary	-	55.60
Closing Balance	<b>324.53</b>	<b>302.78</b>
<b>Debt Redemption Reserve</b>		
Opening Balance	38.77	33.60
Add : Transfer from surplus in Statement of Profit and Loss	7.41	5.17
Closing Balance	<b>46.18</b>	<b>38.77</b>

## Notes to Consolidated Financial Statement

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
<b>Revaluation Reserve</b> (Refer Note 33)		
Opening Balance	-	-
Addition during the year	44.14	-
Transfer to Statement of Profit and Loss	0.23	-
Closing Balance	<b>43.91</b>	-
(Cumulative Transfer ₹ 0.23 Crores (P.Y. ₹ Nil))		
<b>General Reserves</b>		
As per last Balance Sheet	<b>145.06</b>	<b>145.06</b>
<b>Foreign Currency Translation Reserve</b>		
Opening Balance	4.58	1.62
Add : Adjustment during the year	4.76	2.96
Closing Balance	<b>9.34</b>	<b>4.58</b>
<b>Surplus in Consolidated Statement of Profit and Loss</b>		
Opening balance	140.54	116.58
Add/(Less) : Net Profit / (Loss) for the year /period	(414.03)	29.13
Less : Transfer to Debenture Redemption Reserves	7.41	5.17
Closing Balance	<b>(280.90)</b>	<b>140.54</b>
<b>Total</b>	<b>294.18</b>	<b>649.47</b>

### 5) Convertible Warrants and issue of Equity Shares

During previous financial years, the Company had issued 1,500,000 warrants to Mrs. Kavita Puri from promoter group carrying an option /entitlement to subscribe for equivalent number of equity shares on a future date, not exceeding 18 (Eighteen) months from the date of issue of such warrants, on preferential basis in terms of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations") for cash at a price of ₹ 155/- per share (including a premium of ₹ 145/- per share). Accordingly, 1,500,000 equity shares of ₹ 10/- each were allotted to Mrs. Kavita Puri at a price of ₹ 155/- per share upon conversion of 1,500,000 convertible warrants.

### 6) Share Application Money Pending Allotment

25,997,524 shares are to be issued by a joint venture company at par having face value of ₹ 10/- each. The shares are to be issued on or before March 31, 2014. The joint venture company has sufficient authorised share capital to cover the share capital amount resulting from allotment of shares from such share application money.

### 7) Long Term Borrowings

(₹ in Crores)

	As at March 31, 2013		As at March 31, 2012	
	Non current	Current	Non current	Current
<b><u>Secured</u></b>				
<b>Non Convertible Redeemable Debentures</b>				
11%	-	2.00	1.00	1.00
11.25%	-	90.00	45.00	45.00
Term Loans	221.85	40.53	101.83	42.51
Vehicle Loans (from other parties)	0.38	0.48	0.86	0.72
Long term Maturities of Finance Lease Obligations	2.39	6.76	10.68	5.35
	<b>224.62</b>	<b>139.77</b>	<b>159.37</b>	<b>94.58</b>
<b><u>Unsecured</u></b>				
Long term Maturities of Finance Lease Obligations	6.64	66.70	34.15	56.19
Inter Corporate Deposit	21.66	-	23.12	-
	<b>28.30</b>	<b>66.70</b>	<b>57.27</b>	<b>56.19</b>
<b>Total</b>	<b>252.92</b>	<b>206.47</b>	<b>216.64</b>	<b>150.77</b>

## Notes to Consolidated Financial Statement

### 7.1 Particulars of Security:

- a. The debentures are secured by a legal mortgage in English form in favour of the trustees on all the Company's properties situated at C01/5008, 5th Row, Ground Floor, A wing, City Mall situated at Plot No 4, Sector 19, Vashi Navi Mumbai, Maharashtra. The debentures are further secured by way of first charge, ranking pari passu, on all the fixed assets (movable and immoveable) except all assets having exclusive charge in favour of respective lenders. The Company has created debenture redemption reserve in accordance with the provisions of Section 117C (1) of the Companies Act, 1956.
  - b. Term loans from Lakshmi Vilas Bank is secured by first charge by way of hypothecation of the OSWAN project assets and further by personal guarantee of Mr. Kapil Puri. Term loan from State Bank of Hyderabad is secured by subservient charge on all the moveable fixed assets of the Company and also by way of personal guarantee of Mr. Kapil Puri. Term loan from SREI Equipment Finance Private Limited is secured by charge on the specific IT Equipment acquired out of the said loan.
  - c. Term loans from IDBI Bank Ltd are secured by first charge by way of hypothecation over fixed assets and by way of equitable mortgage of land at Plot No. 14, Sector-44, Gurgaon.
  - d. Term Loans from consortium of Canara Bank, The Jammu and Kashmir Bank, Indian Bank, Vijaya Bank and Central Bank of India are secured by:
    - i. First charge on all the accounts of a joint venture company, including the Escrow account, only to the extent permitted under the concession agreement.
    - ii. Assignment of all the rights and interest of a joint venture company to or in favour of the Senior Lenders to the extent covered by and in accordance with substitution agreement.
    - iii. Assignment of all rights of a joint venture company under any guarantees that may be provided by any counter-party under any contract \ agreement \ document related to the project, to the extent permissible under concession agreement.
  - e. Vehicle Loans are secured by way of hypothecation of vehicles acquired out of the said loans.
  - f. Finance Lease obligations are secured against leased assets.
- 7.2 The Term Loans are repayable in F.Y. 2013-14 ₹ 40.53 crores, F.Y. 2014-15 ₹ 24.24 crores, F.Y. 2015-16 ₹ 28.11 crores, F.Y. 2016-17 ₹ 26.09 crores, F.Y. 2017-18 ₹ 30.99 crores, F.Y. 2018-19 ₹ 36.36 crores, F.Y. 2019-20 ₹ 40.56 crores and F.Y. 2020-21 ₹ 35.50 crores.
- 7.3 The Vehicle Loans (from other parties) are repayable in F.Y. 2013-14 ₹ 0.48 crores, F.Y. 2014-15 ₹ 0.17 crores, F.Y. 2015-16 ₹ 0.13 crores, F.Y. 2016-17 ₹ 0.08 crores.
- 7.4 The Finance Lease Obligations (both secured and unsecured) are repayable in F.Y. 2013-14 ₹ 73.46 crores, F.Y. 2014-15 ₹ 9.03 crores.

### 7.5 Details of Default:

(₹ in Crores)

Nature of Borrowing	Principal	Interest	Period of default
Debenture	46.00	9.31	Apr-12 to Mar -13
Term Loan	30.02	7.45	Apr-12 to Mar -13
Vehicle Loan	0.02	-	Mar-13
Finance Lease	22.46	0.97	Jul-12 to Mar- 13
Operating Lease	4.37	-	May-12 to Mar-13

### 8) Other Long Term Liabilities

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
Due to Related Parties (Refer Note 37)	-	7.70
<b>Total</b>	<b>-</b>	<b>7.70</b>

## Notes to Consolidated Financial Statement

### 9) Long Term Provisions

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
<b>Provision for Employee Benefits</b>		
Gratuity	0.65	0.34
Leave Encashment	1.90	1.76
<b>Total</b>	<b>2.55</b>	<b>2.10</b>

### 10) Short Term Borrowings

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
<b><u>Secured</u></b>		
<b>Working Capital Loans</b>		
from Banks	1,002.63	681.53
	<b>1,002.63</b>	<b>681.53</b>
<b><u>Unsecured</u></b>		
<b>Working Capital Loans</b>		
from Banks	-	15.95
from Other Parties	6.36	9.77
<b>Loans from Related Parties</b> (Refer Note 37)	18.83	0.51
<b>Inter Corporate Deposits</b>	182.23	26.73
	<b>207.42</b>	<b>52.96</b>
<b>Total</b>	<b>1,210.05</b>	<b>734.49</b>

#### 10.1 Particulars of Security:

- Working capital facilities from banks (repayable on demand) are secured by way of first pari passu charge on all the movable fixed assets, stock, entire book debts, receivables and other current assets of the Company both present and future ranking pari passu with all banks. Secured loan from finance companies are secured by way of hypothecation and exclusive charge on specific assets acquired out of such loan. Part of working capital facilities are further secured by way of personal guarantee of Mr. Kapil Puri.
- Working capital loan from banks includes facility granted by Bank of Maharashtra Limited secured on book debts for repayment of Loan of ₹ 100 lacs (Previous Year ₹ Nil) together with all interest, costs, charges, expenses and other monies due and payable.
- Personal guarantee of Mr. Kapil Puri has been given for unsecured loans from banks amounting to ₹ 6.36 crores.
- Inter corporate Deposits of ₹ 6.12 Crores are secured by way of pledge of shares of the Company held by Mr. Kapil Puri.

#### 10.2 Details of Default:

(₹ in Crores)

Nature of Borrowing	Principal	Interest	Period of default
Working Capital Loans	390.54	41.97	Apr-12 to Mar-13
Inter Corporate Deposit	5.00	0.85	Nov-11 to Mar-13

## Notes to Consolidated Financial Statement

### 11. Trade Payables

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
Micro, Small and Medium Enterprises*	-	-
Due to Joint Ventures Partners	96.36	77.58
Others	336.07	751.33
<b>Total</b>	<b>432.43</b>	<b>828.91</b>

\* The Group does not have any dues payable to any Micro and Small Enterprises as at the year end. The identification of Micro and Small Enterprises is based on management's knowledge of their status. The Company has not received any intimation from suppliers regarding their status under the MSMED Act, 2006. Hence, disclosures, if any, relating to amounts unpaid as at the year end, together with interest paid/ payable as required under the said Act have not been given.

### 12. Other Current Liabilities

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
Current maturities of Long-Term Borrowings (Refer Note 7)	133.00	89.23
Current maturities of Finance Lease Obligations (Refer Note 7)	73.46	61.54
Interest accrued but not due on Borrowings	4.29	3.99
Interest accrued and due on Borrowings	57.79	0.36
Income received in advance	0.57	1.97
Unpaid Dividends	0.05	0.08
Application money refundable	0.04	0.04
Duties and Taxes payable	18.71	61.89
Salary Payable	8.82	5.92
Provision for Expenses Payable	42.97	62.47
Book Overdraft	1.90	8.45
Security Deposits	-	2.30
Advance from Customers	30.77	61.51
Due to Related Party (Refer Note 37)	-	0.13
Other Payables	91.10	35.12
<b>Total</b>	<b>463.47</b>	<b>395.00</b>

### 13) Short Term Provisions

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
<b>Provision for Employee Benefits</b>		
Gratuity	1.30	1.06
Leave Encashment	0.17	0.47
<b>Others</b>		
Provision for Income Tax (Net)	41.37	43.95
Provision for Wealth Tax	0.03	0.03
Provision for Lease Rent	0.07	-
Provision for Expenses	3.90	1.17
<b>Total</b>	<b>46.84</b>	<b>46.68</b>

## Notes to Consolidated Financial Statement

### 14) Fixed Assets

Asset Description Particulars		Gross block				Depreciation / Amortisation				Net block	
	As at April 1, 2012	Additions during the year	Deletions/ Sale during the year	Foreign Exchange	As at March 31, 2013	As at April 1, 2012	Depreciation for the year	Depreciation on deletions/ sale	Foreign Exchange	As at March 31, 2013	As at March 31, 2012
<b>Tangible Assets</b>											
<b>Own Assets</b>											
Freehold Land	4.06	21.05	-	-	25.11	-	-	-	-	25.11	4.06
Guest House	0.22	0.74	0.74	-	0.22	0.09	0.06	0.05	-	0.12	0.13
Leasehold Improvements	59.99	0.30	4.41	(-)	55.88	18.46	4.93	1.58	(-)	34.07	41.53
Plant and Machinery (Refer Note 14.1)	244.58	49.15	98.17	(0.01)	195.55	71.07	36.75	5.34	(-)	93.07	173.51
Electrical Installation	2.94	0.20	-	-	3.14	1.21	0.28	-	-	1.65	1.73
Furniture and Fixtures	39.77	9.15	12.81	-	36.11	16.09	4.62	1.28	-	16.67	23.68
Office Equipment	39.75	3.17	3.70	-	39.22	15.44	4.34	0.54	-	19.24	24.31
Computers	67.36	6.19	9.74	(-)	63.81	40.56	9.28	2.46	-	47.38	26.80
Motor Vehicles	8.85	0.50	2.02	-	7.33	4.96	0.94	1.28	-	4.62	3.89
Office Premises (Refer Note 33)	11.63	23.10	-	-	34.73	2.68	0.67	-	-	31.38	8.95
<b>Assets under Finance Lease</b>											
Leasehold Improvement	0.44	-	-	-	0.44	0.19	0.03	-	-	0.22	0.25
Plant and Machinery	103.98	-	-	-	103.98	22.04	19.17	-	-	41.21	62.77
Electric installation	0.27	-	-	-	0.27	0.13	0.01	-	-	0.14	0.14
Furniture and Fixtures	3.24	-	-	-	3.24	1.67	0.16	-	-	1.83	1.41
Computers	13.36	-	-	-	13.36	9.02	1.64	-	-	10.66	2.70
<b>TOTAL</b>	<b>600.44</b>	<b>113.55</b>	<b>131.59</b>	<b>(0.01)</b>	<b>582.38</b>	<b>203.61</b>	<b>82.88</b>	<b>12.53</b>	<b>-</b>	<b>273.98</b>	<b>396.83</b>
<b>Intangible Assets</b>											
Goodwill	0.50	-	-	-	0.50	0.50	-	-	-	0.50	-
Software	62.79	305.09	6.24	(0.01)	361.63	24.62	14.00	3.10	(0.01)	35.51	38.18
<b>Assets under Lease</b>											
Software / Database	9.14	-	-	-	9.14	5.25	0.51	-	-	5.76	3.89
<b>Right Under Service Concession Arrangement</b>	259.68	143.48	-	-	403.17	-	-	-	-	403.17	259.69
<b>TOTAL</b>	<b>332.11</b>	<b>448.57</b>	<b>6.24</b>	<b>(0.01)</b>	<b>774.43</b>	<b>30.37</b>	<b>14.50</b>	<b>3.10</b>	<b>(0.01)</b>	<b>41.77</b>	<b>301.76</b>
<b>Capital Work In Progress</b>											
										125.03	285.45
<b>GRAND TOTAL</b>	<b>932.55</b>	<b>562.12</b>	<b>137.83</b>	<b>(0.02)</b>	<b>1,356.81</b>	<b>233.98</b>	<b>97.38</b>	<b>15.60</b>	<b>(0.01)</b>	<b>315.75</b>	<b>984.04</b>
Previous year	686.21	270.63	36.96	1.06	920.94	185.99	47.34	2.37	0.34	231.30	987.58

### Note 14.1

1) Plant and machinery given on Operating Lease and acquired for BOOT Projects

Plant and Machinery	Gross Book				Accumulated			Net Book Value	
	Value as at 31.03.2013	Gross Book Value as at 31.03.2012	Accumulated Depreciation as at 31.03.2013	Accumulated Depreciation as at 31.03.2012	Net Book Value as at 31.03.2013	Net Book Value as at 31.03.2012			
Operating Lease	3.03	3.03	1.38	1.11	1.65	1.92			
BOOT Projects	118.42	118.42	69.43	47.14	48.99	71.28			

## Notes to Consolidated Financial Statement

### 15) Non Current Investments (at cost)

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
<b>Non Trade - Unquoted:</b>		
<b>In Associate</b>		
Spanco BPO Africa Limited 5,00,000 (P.Y. Nil) equity shares of ₹10/- each , fully paid up	2.72	-
<b>Others</b>		
Global Respondez Services Limited 614,000 (P.Y.614,000) equity shares of ₹10/- each, fully paid up	0.61	0.61
Spanco Nagpur Discom Limited 950,750 (P.Y. Nil) equity shares of ₹10/- each, fully paid up	82.07	-
CSC E Governance Services India Ltd. Share application money pending allotment	0.11	0.11
One Touch India 245 (P.Y.245) equity shares fully paid up	0.37	0.37
MRS BPO LLC, New Jersey 50 (P.Y. 50) equity shares fully paid up	6.88	6.88
<b>Total</b>	<b>92.76</b>	<b>7.97</b>
Aggregate Cost of Unquoted Investment	92.76	7.97
Aggregate Cost of Quoted Investment	-	-
Aggregate Market value of Quoted Investment	-	-

### 16) Following are the major component of deferred tax asset / (liability)

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
Fixed assets	(33.26)	1.61
Disallowances	17.64	0.67
Unabsorbed Depreciation	4.14	4.14
Business Losses	154.88	1.71
Others	(2.36)	0.34
<b>Total</b>	<b>141.04</b>	<b>8.47</b>

### 17) Long Term Loans and Advances

(Unsecured, Considered Good)

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
Capital Advances	1.08	56.91
Security Deposit	12.23	11.55
Loans and Advances to Joint Venture Partners	18.09	5.70
Advances to Parties	39.24	39.22
<b>Total</b>	<b>70.64</b>	<b>113.38</b>

## Notes to Consolidated Financial Statement

### 18) Other Non Current Assets

(Unsecured and Considered Good)

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
Long term Trade Receivables	7.30	9.29
Margin Money	0.43	1.89
Interest accrued but not due on Margin Money	0.06	0.10
Security deposits	0.39	1.43
Prepaid Expenses	0.97	1.34
Pre-Operative Expenses	0.09	10.25
Preliminary Expenditure	0.20	0.23
<b>Total</b>	<b>9.44</b>	<b>24.53</b>

### 19) Current Investments

(At lower of cost and market value)

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
<b>Non Trade - Unquoted:</b>		
<b>Mutual Funds</b>		
UTI India Lifestyle Fund	0.10	0.10
100,000 units of ₹10 each (P.Y. 100,000 units of ₹10 each)		
Reliance Mutual Fund	0.01	0.01
86.574 units of ₹ 1000 each (P.Y.8,334 units of ₹ 10 each)		
SBI SHF Ultra Short Term Fund	0.03	0.03
(333.180 Units of ₹ 1,000 each (P.Y. 311.883 units of ₹1000 each)		
<b>Total</b>	<b>0.14</b>	<b>0.14</b>

Aggregate Cost of Unquoted Investment	0.14	0.14
Aggregate Cost of Quoted Investment	-	-
Aggregate Market value of Quoted Investment	-	-

### 20) Inventories

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
<b>Valued at lower of cost or net realisable value:</b>		
Stock-in-Trade*	342.83	396.36
<b>Others</b>		
Softwares	10.85	16.46
Consumables	-	0.58
<b>Valued based on the percentage of work:</b>		
Work-in-progress	92.22	80.61
<b>Total</b>	<b>445.90</b>	<b>494.01</b>

\* Includes goods in Bonded Warehouse ₹ 0.85 Crore (P.Y. ₹ 0.85 Crore)



## Notes to Consolidated Financial Statement

### 21) Trade Receivable

(Unsecured and Considered Good)

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
Over six months from the due date	318.71	346.96
Others	296.75	509.31
<b>Total</b>	<b>615.46</b>	<b>856.27</b>

### 22) Cash and Bank Balances

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
<b>Cash and Cash Equivalents</b>		
Balances with banks		
Current Accounts*	17.32	15.23
Unpaid Dividend	0.05	0.08
Cash on hand	1.86	2.88
Cheques, drafts on hand	-	2.60
<b>Others</b>		
Margin money**	3.93	24.18
Bank deposits with more than 12 months maturity	8.44	0.03
<b>Total</b>	<b>31.60</b>	<b>45.00</b>

\*Balances in current accounts include Escrow accounts ₹ 0.01 Crore (P.Y. ₹ 0.04 Crore)

\*\* Margin money with banks maturing after 12 months from balance sheet date are classified as Non current. (Refer note 18)

### 23) Short Term Loans and Advances

(Unsecured and Considered Good)

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
Loans and Advances to Related Parties (Net) (Refer Note 37)	7.34	17.02
Security Deposits	4.35	6.31
Advances recoverable in cash or in kind or for the value to be received	157.82	340.39
Fringe Benefit Tax (Net)	0.14	0.14
Inter Corporate Deposits	1.72	2.05
Other Advance	10.65	6.86
<b>Total</b>	<b>182.02</b>	<b>372.77</b>

### 24) Other Current Assets

(Unsecured and Considered Good)

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
Unbilled Revenue	9.99	39.53
Interest accrued but not due on fixed deposits*	0.18	0.68
Others	6.22	30.29
Preliminary Expenditure	0.03	0.03
<b>Total</b>	<b>16.42</b>	<b>70.54</b>

\* Interest accrued on Margin money with banks maturing after 12 months from balance sheet date are classified as Non current. (Refer Note 18)

## Notes to Consolidated Financial Statement

### 25) Revenue from Operations

(₹ in Crores)

	For the year ended March 31, 2013	For the period ended March 31, 2012
<b>Sale of Products</b>		
Network Integration \ Other Traded Goods	873.14	692.04
Power Distribution Business	301.21	250.88
Developed Softwares \ Services	123.98	99.98
<b>Income from Services</b>		
Network Integration and Others	52.32	38.93
Network Engineering Services	0.99	7.87
Service income - BPO Operations	289.59	150.65
Service income - Construction	121.61	80.58
<b>Total</b>	<b>1,762.84</b>	<b>1,320.93</b>

### 26) Other Income

(₹ in Crores)

	For the year ended March 31, 2013	For the period ended March 31, 2012
<b>Rent Income</b>		
On Lease of Properties/Premises [TDS ₹ Nil (P.Y. ₹ 0.04 Crore)]	-	0.56
Foreign Exchange Fluctuation (net)	2.68	1.68
Profit on Sale of Fixed Assets (net)	0.11	0.01
Other Non Operating Income	14.06	11.10
<b>Total</b>	<b>16.85</b>	<b>13.35</b>

### 27) Purchases

(₹ in Crores)

	For the year ended March 31, 2013	For the period ended March 31, 2012
Purchases	1,088.14	928.95
On Conversion of Fixed Assets \ CWIP into Inventory	33.75	14.10
Cost of Materials Consumed - Network Infra	0.07	1.19
Construction Contract Costs	110.55	58.80
<b>Total</b>	<b>1,232.51</b>	<b>1,003.05</b>

### 28) Changes in Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade

(₹ in Crores)

	For the year ended March 31, 2013	For the period ended March 31, 2012
<b>Inventories (Opening)</b>		
Finished Goods	396.25	338.85
Work in Progress	79.66	46.86
	<b>475.91</b>	<b>385.71</b>
<b>Inventories (Closing)</b>		
Finished Goods	342.71	396.25
Work in Progress	94.73	79.66
	<b>437.44</b>	<b>475.91</b>
<b>Total</b>	<b>38.47</b>	<b>(90.20)</b>

## Notes to Consolidated Financial Statement

### 29) Employee Benefit Expenses

(₹ in Crores)

	For the year ended March 31, 2013	For the period ended March 31, 2012
Salaries, Wages and Bonus	222.64	110.43
Company's Contribution to :		
- Provident Fund	4.65	3.46
- Other Funds	0.12	0.20
Gratuity	0.70	0.30
Privilege Leave	0.75	0.53
Placement and Training Cost	1.14	0.48
Staff Welfare Expenses	7.63	3.55
<b>Total</b>	<b>237.63</b>	<b>118.95</b>

#### Gratuity and other post employment plans:

The Group, except for foreign companies, has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Company's scheme is funded with an insurance company in the form of a qualifying insurance policy.

(₹ in Crores)

Particulars	For the year ended March 31, 2013	For the period ended March 31, 2012
a) The details of the Company's defined benefit plans for its employees are given below		
<b>Profit and Loss Account:</b>		
i) <b>Net employee benefit expense (recognised in employee cost) for the year ended March 31, 2013:</b>		
Current Service Cost	1.08	0.66
Interest on Defined Benefit Obligations	0.23	0.11
Expected Return on Plan Assets	(0.13)	(0.05)
Net Actuarial (Gain)/ Loss recognised in the period	(0.80)	(0.27)
<b>Net Gratuity and Other Cost</b>	<b>0.38</b>	<b>0.45</b>
<b>Actual Return on Plan Assets</b>	<b>-</b>	<b>0.08</b>
<b>Balance Sheet:</b>		
<b>Detail of provision of Gratuity</b>		
Defined benefit obligation	3.16	2.87
Fair value of the plan assets	1.22	1.47
ii) <b>Changes in the present value of the defined obligation are as follows:</b>		
Opening Defined Benefit Obligation	2.71	2.60
Current Service Cost	1.08	0.66
Interest Cost	0.23	0.11
Liability Transfer in	-	-
Actuarial (Gain) / Loss	(0.48)	(0.38)
Benefits Paid	(0.38)	(0.11)
<b>Closing Defined Benefit Obligation</b>	<b>3.16</b>	<b>2.87</b>

## Notes to Consolidated Financial Statement

(₹ in Crores)

Particulars		For the year ended March 31, 2013	For the period ended March 31, 2012
iii)	<b>Change in Fair Value of Plan Assets:</b>		
	Opening Fair Value of the Plan Assets	1.47	1.36
	Expected Return on Plan Assets	0.13	0.05
	Contributions by the Employer	-	0.10
	Transfer to Other Company	-	-
	Benefits Paid	(0.38)	(0.11)
	Actuarial Gain/ (Loss)	(0.01)	0.07
	<b>Closing Fair Value of Plan Assets</b>	<b>1.22</b>	<b>1.47</b>
	Company's expected contribution to gratuity in 2013-14	(0.04)	0.16
	Excess of (Obligation over plan assets)/ plan assets over obligation (Accrued Liability)/ Prepaid benefit	(1.20) <b>(1.95)</b>	(0.73) <b>(1.40)</b>
iv)	<b>Category of Plan Assets as a % of the fair value of the total plan assets as at March 31, 2013:</b>		
	Insurer Managed Funds	100%	100%
	<b>Total</b>	<b>100%</b>	<b>100%</b>
v)	<b>Assumptions used in accounting for the gratuity plan:</b>	<b>%</b>	<b>%</b>
	Discount rate	8.5	8.5
	Salary escalation rate	5	5
	Expected rate of return on plan assets	8.6	8.6
	Employee Attrition Rate	2	2

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

### 30) Finance Cost

(₹ in Crores)

	For the year ended March 31, 2013	For the period ended March 31, 2012
<b>Interest Expenses</b>		
- On Fixed Period Loans	25.42	12.70
- On Working Capital and Others	157.15	74.37
Less : Interest Income (Tax Deducted at Source ₹ 3.53 Crores [P.Y ₹ 0.28 Crores])	13.84	2.97
Other borrowing costs	22.90	6.18
<b>Total</b>	<b>191.63</b>	<b>90.28</b>

## Notes to Consolidated Financial Statement

### 31) Depreciation and Amortisation Expenses

(₹ in Crores)

	For the year ended March 31, 2013	For the period ended March 31, 2012
Depreciation and Amortisation on Fixed Assets	97.38	47.34
Less : Depreciation capitalized in Capital Work In Progress	0.06	6.74
Less : Transferred from Capital Reserve	-	0.32
Less: Withdrawn from Revaluation Reserve	0.23	-
Add : Amortisation of Investment Property	-	0.23
<b>Total</b>	<b>97.09</b>	<b>40.51</b>

### 32) Other Expenses

(₹ in Crores)

	For the year ended March 31, 2013	For the period ended March 31, 2012
<b>Direct Expenses</b>		
Freight and Forwarding	2.88	1.74
Amortization of Softwares Developed Cost	6.46	2.36
Operation and Maintenance	12.35	3.36
Project Expenses	20.16	18.11
Service\Installation charges	10.66	4.20
Sub Contract Cost	4.19	4.56
Bill Processing Expenses	2.42	2.51
Other Direct Expenses	2.93	12.65
<b>Total (A)</b>	<b>62.05</b>	<b>49.49</b>
<b>Indirect Expenses</b>		
Electricity Charges	10.05	2.97
Vehicle Hire Charges	1.14	2.14
Lease Line Charges	4.41	2.15
Sales and Business Promotion	3.12	1.37
<b>Repairs and Maintenance</b>		
- On Building	0.06	0.11
- On Plant and Machinery	0.02	0.01
- On Others	8.35	1.98
Office Establishment Expenses	7.39	4.24
<b>Payment to Auditor</b>		
- Statutory Audit Fees	0.51	0.52
- Tax Audit Fees	0.06	0.06
- Limited Review	0.13	0.09
	<b>0.70</b>	<b>0.67</b>

## Notes to Consolidated Financial Statement

(₹ in Crores)

	For the year ended March 31, 2013	For the period ended March 31, 2012
<b>Rent Expenses</b>		
- On Lease of Properties/Premises	9.69	6.05
- On Lease of Assets	0.04	0.25
Legal, Professional and Consultancy Charges	9.57	6.72
Travelling and Conveyance	16.58	7.64
Duties, Rates and Taxes	28.81	8.54
Communication Expenses	7.74	2.89
Insurance	3.39	2.21
Motor Car Expenses	3.42	0.28
Printing Charges	1.40	0.84
Advertisement Expenses	0.05	1.22
Security Charges	1.94	1.04
Sundry Balances Written Off (Net)	22.69	13.24
Bad Debts written off (Net)	294.62	-
Loss on Sale of Investment (Net)	8.41	-
Loss on Sale of Fixed Assets (Net)	-	0.16
Provision for Doubtful Debts	0.06	0.17
Foreign Exchange Fluctuation Net	0.54	0.36
Miscellaneous Expenses	20.69	11.82
Preliminary Expenses Written Off	0.03	0.13
Diminution in Current Assets	0.81	0.35
<b>Total (B)</b>	<b>465.72</b>	<b>79.55</b>
<b>Grand Total (A+B)</b>	<b>527.77</b>	<b>129.04</b>

**33)** During the year, the Parent Company, based on the report of an independent valuer, revalued its Land and Office Premises by an amount ₹ 21.05 Crores and ₹ 23.10 Crores respectively, to disclose its true and fair value and an equivalent amount is credited to Revaluation Reserve Account. As a result there is an additional charge of depreciation amounting to ₹ 0.23 Crores and an equivalent amount has been withdrawn from Revaluation Reserve Account and credited to Statement of Profit and Loss. This has no impact on Loss for the year.

**34)** The Board of Directors of the Parent Company in its meeting held on 10th November, 2012 had decided to approach the banks through the Corporate Debt Restructuring (CDR) process for restructuring of the Company's debt. The application to that effect was submitted to the CDR Empowered Group (CDR EG) on 28th January, 2013. The same is under consideration of the CDR EG.

**35)** During the period, borrowing costs of ₹ 28.88 Crores (P.Y. ₹ 5.93 Crores) were capitalised.

### **36) Segment Information**

- The Group's risks and returns are predominantly affected by its operations in different business areas. The Group's internal organizational and management structure and its system of financial reporting are also organized into different operating divisions. These divisions are the basis on which the Group is reporting its primary segment information. The dominant source of such risks and returns are categorized into four distinct business segments viz. Technology Infrastructure, Business Process Outsourcing ('BPO') services, Power and Service Concession Arrangements (SCA). The composition of these segments is given below:

## Notes to Consolidated Financial Statement

Business segments	Type of products and services
Technology Infrastructure	Range of solutions in the telecom system integration domain including network engineering services and software sales.
BPO Services	International and Domestic call centre
Power	Purchase and Supply of Electricity
Service Concession Arrangements (SCA)	Construction, operation and maintenance contracts which include contract of Border Check-posts

b. i. Primary segment information

(₹ in Crores)

Particulars	IT Infra	BPO	Power	SCA	Total
<b>REVENUE</b>					
External Sales	1,050.94 (853.57)	289.08 (150.35)	301.21 (250.88)	121.61 (66.13)	1,762.84 (1,320.93)
Total Revenue	1,050.94 (853.57)	289.08 (150.35)	301.21 (250.88)	121.61 (66.13)	1,762.84 (1,320.93)
<b>RESULT</b>					
Segment Result	-250.46 (121.14)	-66.80 (7.11)	15.39 (5.65)	10.85 (7.00)	-291.02 (140.90)
Unallocated corporate expenses					79.61 (21.32)
Operating profit					-370.63 (119.58)
Interest expenses (net of interest income)					191.63 (90.28)
Other income					16.85 (13.35)
Tax expenses [including expenses of earlier years (net)]					-132.27 (14.81)
<b>Net profit after tax but before extraordinary and prior period items</b>					-413.14 (27.84)
Less : Prior period Expenses/(Income)					1.29 (-)
Add/Less: Share of Profit/(Loss) of Associate Company					0.07 (-)
Less/(Add): Share of Minority Interest in Profit/(Loss) of Subsidiaries					-0.33 (1.29)
<b>Net profit/(loss) for the year/period</b>					-414.03 (29.13)
<b>OTHER INFORMATION</b>					
Segment assets	1,433.53 (1,502.96)	319.80 (399.36)	82.37 (199.33)	432.48 (275.05)	2,268.18 (2,376.70)
Unallocated corporate assets					517.52 (631.77)
Total assets					2,785.69 (3,008.47)
Segment liabilities	426.47 (599.48)	199.67 (237.50)	-1.27 (226.81)	98.11 (48.02)	722.98 (1,111.81)

## Notes to Consolidated Financial Statement

(₹ in Crores)

Particulars	IT Infra	BPO	Power	SCA	Total
Unallocated corporate liabilities					1,685.28 (1,119.71)
Minority Interests					24.40 (26.99)
Total liabilities					2,432.66 (2,258.51)
Closing W.D.V. of Segment Fixed Assets (including Capital WIP)	543.55 (425.21)	158.75 (201.91)	- (92.17)	403.30 (259.87)	1,105.60 (979.16)
Unallocated corporate fixed assets (including Capital WIP)					74.68 (8.42)
Total fixed assets					1,180.28 (987.58)
Segment Capital Expenditure	140.99 (71.83)	18.95 (17.13)	3.55 (94.09)	143.48 (86.20)	306.97 (269.25)
Unallocated Capital Expenditure					94.72 (25.95)
<b>Total Capital Expenditure</b>					401.69 (295.20)
Segment depreciation and amortization	59.60 (24.72)	33.69 (12.73)	2.40 (2.32)	- (-)	95.69 (39.77)
Unallocable depreciation and amortisation					1.40 (0.74)
Segment Non-cash expenses other than depreciation	258.94 (14.29)	12.65 (1.01)	- (-)	- (-)	271.59 (15.30)
Unallocated Non-cash expenses other than depreciation					62.03 (1.29)

### ii. Secondary segment information

(₹ in Crores)

Particulars	Revenue by geographical market	Carrying amount of segment assets	Capital expenditure
India	1,576.67 (1,216.73)	2,696.97 (2,834.37)	395.89 (282.52)
USA	27.10 (15.27)	32.52 (33.51)	0.01 (-)
UK	50.01 (20.01)	17.02 (17.05)	0.53 (0.64)
Middle East	- (4.44)	12.32 (45.37)	- (0.58)
Singapore	- (-)	32.61 (28.54)	5.26 (2.88)
Others	109.06 (64.48)	-5.75 (49.63)	- (8.58)
<b>Total</b>	<b>1,762.84 (1,320.93)</b>	<b>2,785.69 (3,008.47)</b>	<b>401.69 (295.20)</b>



## Notes to Consolidated Financial Statement

### Notes to segment information

#### i. Segment revenue and expenses

Common revenues and expenses are allocated to the business segments on a reasonable basis. All other segment revenue and expenses are directly attributable to the segments.

#### ii. Segment assets and liabilities

Segment assets include all operating assets used by a segment comprising of fixed assets, trade receivables, inventories and loans and advances. While most assets can be directly attributable to individual segments, the carrying amount of certain assets used jointly is allocated to the segments on a reasonable basis. Segment liabilities include all operating liabilities of the segment comprising of trade payables and other liabilities.

#### iii. Figures in bracket indicate previous year numbers.

### 37) Related party disclosures under Accounting Standard 18 issued by the Institute of Chartered Accountants of India

(This information is compiled by management on the basis of information available and relied upon by auditors).

#### a. The following are the names of related parties and description of relationship:

##### i. Key Management Personnel

- a. Mr. Kapil Puri (Chairman and Managing Director)
- b. Mr. Adarsh Bagaria (Whole Time Director) (upto November 10, 2012)
- c. Mr. Anil Wadhwa (Director)
- d. Mr. Pravin Kumar (Director)

##### ii. Relatives of Key Management Personnel

- a. Mrs. Kavita Kapil Puri
- b. Mrs. Sarika Adarsh Bagaria (upto November 10, 2012)
- c. Mrs. Maya Wadhwa
- d. Mrs. Karishma Wadhwa
- e. Mr. Lachmandas Wadhwa
- f. Mrs. Preeti Kumar

##### iii. Joint Ventures

- a. Bharat BPO Services Limited
- b. M.P. Border Checkpost Development Company Limited

##### iv. Associates

- a. Spanco BPO Africa Limited (w.e.f. January 01, 2013)
  - b. Spanco Channel BPO Limited (w.e.f. January 01, 2013)\*\*
  - c. Spanco Raps Uganda Limited (w.e.f. January 01, 2013) \*\*\*
  - d. Spanco Raps Tanzania Limited (w.e.f. January 01, 2013) \*\*\*
  - e. Spanco Raps Kenya Limited (w.e.f. January 01, 2013) \*\*\*
  - f. Spanco Raps Tchad SARL (w.e.f. January 01, 2013) \*\*\*
  - g. Spanco Raps Niger Limited (w.e.f. January 01, 2013) \*\*\*
  - h. Spanco Raps Burkina Faso (SARL) (w.e.f. January 01, 2013) \*\*\*
- \*\* This company is wholly owned subsidiary of Spanco BPO Africa Limited.
- \*\*\* These companies are subsidiaries of Spanco BPO Africa Limited.

##### v. Enterprises owned or significantly influenced by Group of individuals or their relatives

- a. Percept Trading Private Limited
- b. Steady Growth Properties Private Limited
- c. Global Respondez Services Limited

## Notes to Consolidated Financial Statement

- b. The following are the volume of transactions with related parties during the year and outstanding balances as at the year end disclosed in aggregate by type of related party:

(₹ in Crores)

Sr No	Nature of Transactions	Key Management Personnel	Relatives of Key Management Personnel	Associates	Joint Venture	Enterprises where KMP exercise sig. Influence	Total
1	Remuneration (inclusive of Perquisites)	1.81	-	-	-	-	1.81
		(3.07)	(-)	(-)	(-)	(-)	(3.07)
2	Professional Fees	-	0.51	-	-	-	0.51
		(-)	(0.09)	(-)	(-)	(-)	(0.09)
3	Loan received from Director	28.28	-	-	-	-	28.28
		(3.84)	(-)	(-)	(-)	(-)	(3.84)
4	Loan repaid to Director	9.96	-	-	-	-	9.96
		(3.70)	(-)	(-)	(-)	(-)	(3.70)
5	Sale of traded goods/ Services	-	-	-	0.51	-	0.51
		(-)	(-)	(-)	(15.34)	(-)	(15.34)
6	Loans/ Advance given	-	-	-	0.69	-	0.69
		(-)	(-)	(-)	(-)	(-)	(-)
7	Loans/ Advance refund	-	-	-	-	-	-
		(-)	(-)	(-)	(0.01)	(-)	(0.01)
8	Loans/ Advance taken	-	-	-	-	0.02	0.02
		(-)	(-)	(-)	(-)	(-)	(-)
9	Issue of Warrants on preferential basis	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(17.44)	(17.44)
10	Closing Loan from Director	18.83	-	-	-	-	18.83
		(0.51)	(-)	(-)	(-)	(-)	(0.51)
11	Closing Trade Receivables	-	-	-	27.03	-	27.03
		(-)	(-)	(-)	(57.60)	(-)	(57.60)
12	Outstanding credit balance-Loans and Advance	-	-	-	-	1.04	1.04
		(-)	(-)	(-)	(-)	(1.03)	(1.03)
13	Outstanding debit balance-Loans and Advance	-	-	-	1.15	-	1.15
		(-)	(-)	(-)	(-)	(-)	(-)
14	Investment Closing Balance	-	-	2.72	-	0.61	3.33
		(-)	(-)	(-)	(-)	(0.61)	(0.61)
15	Short Term Borrowing from JV Partners	-	-	-	-	-	-
		(-)	(-)	(-)	(9.60)	(-)	(9.60)
16	Other Long Term Liability	-	-	-	-	-	-
		(-)	(-)	(-)	(7.70)	(-)	(7.70)
17	Other Current Liability	-	-	-	-	-	-
		(-)	(-)	(-)	(0.13)	(-)	(0.13)

Figures in brackets indicate previous year numbers.

## Notes to Consolidated Financial Statement

Note - The Following transactions constitute more than 10% of the total related party transactions of the same type:

(₹ in Crores)

Type of Transaction	Party	For the year ended March 31, 2013	For the period ended March 31, 2012
Remunerations (inclusive of Perquisites)	Mr. Kapil Puri	0.10	1.97
	Mr. Adarsh Bagaria	0.38	0.54
	Mr. Pravin Kumar	0.75	0.30
	Mr. Anil Wadhawa	0.58	0.26
Professional Fees	Mrs. Preeti Kumar	0.30	-
	Mrs. Karishma Wadhawa	0.09	-
	Mrs. Maya Wadhawa	0.06	-
	Mr. Lachmandas Wadhawa	0.06	-
Loan received from Director	Mr. Kapil Puri	28.28	3.84
Loan repaid to Director	Mr. Kapil Puri	9.96	3.70
Sale of Traded Goods/ Services	MP Border Checkpost Development Company Ltd	-	15.04
	Bharat BPO Services Limited	0.51	-
Loans / Advance given	Bharat BPO Services Limited	0.69	-
Loans / Advance refund	Spanco Golden Key Solutions WLL	-	0.01
Loans / Advance taken	Global Respondez Services Limited	0.02	-
Issue of Warrants on preferential basis	Mrs. Kavita Kapil Puri	-	17.44
Closing Loan from Director	Mr. Kapil Puri	18.83	0.51
Closing Trade Receivables Balance	MP Border Checkpost Development Company Ltd	24.83	54.50
Outstanding Credit Balance - Loans and Advance	Global Respondez Services Limited	1.04	1.03
Outstanding Debit Balance - Loans and Advance	Spanco Golden Key Solutions WLL	-	0.29
	Bharat BPO Services Limited	1.15	0.45
Investment Closing Balance	Global Respondez Services Limited	0.61	0.61
	Spanco BPO Africa Limited	2.72	-
Short Term Borrowing from JV Partners	Spice Entertainment Ltd	-	9.60
Other Long Term Liability	Raps Outsourcing Limited	-	1.28
	ISON Infotel Networks Limited	-	2.57
	Raco Investment and Vgco Investments	-	3.45
	Mara-Ison Tech. Pvt. Ltd.	-	0.40
Other Current Liability	ISON Infotel Networks Limited	-	0.13

### 38) Particulars of assets acquired / given under lease

#### a) Operating leases

Office Premise and Plant and Machinery are obtained on operating lease. The lease term for different agreements are from 11 months to 60 months and renewable for further period at the option of the Group. Out of the several contracts two of the contracts contain an escalation clause. There are no restrictions imposed by lease arrangements. There are no sub-leases.

## Notes to Consolidated Financial Statement

(₹ in Crores)

Particulars	For the Year ended March 31, 2013	For the period ended March 31, 2012
Operating lease payments recognised in the Statement of Profit and Loss during the year / period:	24.21	16.06
<u>Minimum lease payments</u>		
Total of future minimum lease payments payable by the Group:		
- Not later than 1 year	11.04	27.82
- Later than 1 year but not later than 5 years	29.55	55.04
- Later than 5 years	Nil	Nil
<b>Total of future minimum lease payments under operating lease</b>	<b>40.59</b>	<b>82.86</b>

## b) Finance leases

Plant and Machinery and Capital Work in Progress includes machinery / equipments obtained on finance lease. Lease term is for 27 to 60 months after which legal title is passed to lessee. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.

(₹ in Crores)

Particulars	For the Year ended March 31, 2013	For the period ended March 31, 2012
Finance lease payments recognized in the Statement of Profit and Loss during the year / period:	16.07	8.27
Total of future minimum lease payments payable by the Group:	42.29	60.03
Less: Unamortised finance charges	9.81	7.75
Present value	32.47	52.28

Particulars	For the Year ended March 31, 2013		For the period ended March 31, 2012	
	Minimum Lease Payments	Present Values	Minimum Lease Payments	Present Values
Not later than 1 year	25.22	23.59	35.68	32.42
Later than 1 year but not later than 5 years	17.06	7.93	24.35	19.86
Later than 5 years	Nil	0.95	Nil	Nil

## Notes:

The following is the general description of significant clauses of above finance leasing arrangement by the Group:

- During the year of lease the Group cannot create without prior written consent of the lender any other debt nor any mortgage, pledge, hypothecation, charge, lien or encumbrance upon or in respect of hypothecated assets or any part thereof in any manner whatsoever in favour of any person, firm, company or bank.
- The assets would belong to the Group solely and absolutely and would be free from any and all charges and encumbrances save and except that created in favour of the lender.

## Notes to Consolidated Financial Statement

The aggregate carrying amount of assets acquired under lease after April 1, 2001 is ₹ 77.21 crores as at March 31, 2013 (March 31, 2012 ₹ 102.50 crores). The details of asset category wise of which are given as below.

(₹ in Crores)

Asset Category	Gross book value as at March 31, 2013	Net book value as at March 31, 2013	Gross book value as at March 31, 2012	Net book value as at March 31, 2012
<b>Tangible Asset</b>				
Furniture and Fixtures	3.26	1.30	3.24	1.58
Plant and Machinery	104.06	62.25	103.98	81.94
Computers	13.38	2.61	13.36	4.34
Electrical installations	0.71	0.35	0.71	0.39
<b>Intangible Assets</b>				
Software/ Database	9.17	3.11	9.14	3.88
Capital Work-in-Progress	8.09	8.09	10.37	10.37
<b>Total</b>	<b>138.67</b>	<b>77.71</b>	<b>140.80</b>	<b>102.50</b>

c) Operating leases – assets given on lease:

The Company has leased out Premise, Plant and Machinery and Equipments etc. on operating lease. The lease term is for 36 to 60 months. There are escalation clauses in the certain lease agreement and the lease is renewable at the option of the lessee. There are no restrictions imposed by lease arrangement.

(₹ in Crores)

Particulars	For the year ended March 31, 2013	For the period ended March 31, 2012
There are no uncollectable minimum lease payments receivable as at balance sheet date (Previous year: Nil)		
Operating lease Income recognised in the statement of profit and loss during the year.	Nil	0.56
<u>Minimum lease receipts</u>		
Total of future minimum lease receipts receivable by the Group:		
- Not later than 1 year	Nil	Nil
- Later than 1 year but not later than 5 years	Nil	Nil
- Later than 5 years	Nil	Nil
<b>Total of future minimum lease receipts under operating lease</b>	<b>Nil</b>	<b>Nil</b>

### 39) Earnings Per Share (EPS):

(₹ in Crores)

Particulars	For the Year ended March 31, 2013	For the Six Months ended March 31, 2012
Net profit / (Loss) available for equity shareholders	(414.03)	29.13
Weighted average number of equity shares in calculating basic EPS	32,850,000	31,350,000
Equity Shares on account of outstanding Convertible Warrants	-	1,500,000
Weighted average number of equity shares in calculating diluted EPS	-	32,850,000
Nominal value of shares ₹	10	10
Earnings per share		
– Basic ₹	(126.04)	9.29
– Diluted ₹	(126.04)	8.87

### 40) Capital and Other Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 204.21 Crores (P.Y. ₹ 350.34 Crores).

## Notes to Consolidated Financial Statement

### 41) Contingent Liabilities:

(₹ in Crores)

Sr. No.	Particulars	As at March 31, 2013	As at March 31, 2012
1	Letters of Credit issued by bankers	2.11	24.86
2	Guarantees given by banks on behalf of the Company	273.37	207.09
3	Guarantees and counter guarantees given by the Company	124.25	177.14
4	Income Tax Demand	-	0.72
5	Claims not acknowledge as debt	-	1.19

#### Notes:

- Corporate guarantee of ₹ 52 crores [P.Y. ₹ 52 crores] given in favour of Cisco Systems Capital India Private Limited on behalf of wholly owned subsidiary New Delhi Teletech Private Limited.
- Corporate guarantee and undertaking given to One North East, NY for making an offer of grant to wholly owned subsidiary Spanco Europe Limited of ₹ 0.75 crore (90,000 pounds) [P.Y. ₹ 0.74 crore (90,000 pounds)].
- Corporate guarantee of ₹ 0.95 crore [P.Y. ₹ 0.95 crore] given in favour of Rent works India Private Limited for availing operating lease on behalf of subsidiary Spanco BPO Services Limited.
- Corporate guarantee of ₹ 40 crores [P.Y. ₹ 40 crores] given in favour of IDBI Bank for providing cash credit facility on behalf of subsidiary Spanco BPO Services Limited.
- Corporate guarantee of ₹ 12 crores [P.Y. ₹ 12 crores] given in favour of Bank of Maharashtra for obtaining cash credit facility on behalf of subsidiary Spanco Respondez BPO Private Limited.
- Corporate guarantee of ₹ 37.46 crores [P.Y. ₹ 37.46 crores] given in favour of SREI Equipment Finance Private Limited for availing operating lease assistances / facilities on behalf of subsidiary Spanco BPO Services Limited.
- Corporate guarantee of ₹ 25 crores [P.Y. ₹ 25 crores] given in favour of UCO Bank for availing short term loan on behalf of subsidiary Spanco BPO Services Limited.
- Corporate guarantee of ₹ 9 crores [P.Y. ₹ 9 crores] given in favour of Indusind Bank for obtaining short term loan on behalf of subsidiary Spanco Respondez BPO Private Limited.
- Corporate guarantee of ₹ 75 crores [P.Y. Nil] given in favour of Essel Utilities Distribution Company for Spanco Nagpur Discom Limited.
- Corporate guarantee of ₹ 1 crore [P.Y. Nil] given in favour of Bank of Maharashtra for obtaining short term loan on behalf of subsidiary Spanco Respondez BPO Private Limited.
- Corporate guarantee of ₹ 20.22 crores [P.Y. Nil] given in favour of The Commissioner of Service Tax on behalf of subsidiary Spanco BPO Services Limited.

### 42) Unhedged Foreign Currency Exposure

Particulars	Currency	Amount in Foreign Currency	Equivalent Amount (₹ in Crores)
Sundry Trade Receivables	USD	5,450,092 [8,619,463]	29.83 [44.18]
	GBP	863,885 [346,765]	7.13 [2.84]
	OMR	180,500 [90,250]	2.54 [1.21]
	CHF	- [-]	- [-]
Sundry Trade payables	USD	232,285 [4,374,689]	1.31 [22.55]
<b>Bank balances</b> EEFC A/C	USD	3,559 [3,559]	0.02 [0.02]
	GBP	- [215]	- [-]
	SGD	- [2]	- [-]

## Notes to Consolidated Financial Statement

Particulars	Currency	Amount in Foreign Currency	Equivalent Amount (₹ in Crores)
Cash balances	USD	210 [645,318]	- [3.33]
	GBP	5 [-]	- [-]
	EURO	1 [1]	- [-]
	SGD	4 [2]	- [-]
	OMR	20 [20]	- [-]
	LKR	1000 [1000]	- [-]
	Riyal	41 [41]	- [-]
<b>Loans Liability</b>			
FCNRB	USD	-	-
Secured Loan		[631,500]	[3.25]
Other Liabilities	USD	- [5,958,432]	- [30.70]
Loans and Advances Given	USD	- [1,387,363]	- [7.15]
	QAR	368,225 [220,935]	0.52 [0.29]

Figures in bracket indicate previous year numbers.

**43) Information pursuant to Clause 32 of the Listing Agreement with the Stock Exchange Loans and Advances in the nature of loans**

(₹ in Crores)

Particulars	As at March 31, 2013		As at March 31, 2012	
	Closing Balance	Maximum Balance	Closing Balance	Maximum Balance
<b>Joint Ventures</b>				
Spanco Golden Key Solutions WLL	-	-	0.29	0.49
Bharat BPO Services Limited	1.13	2.28	0.45	0.90

**44) Following is the share of our assets, liabilities, income and expenses in the Joint Venture included in this consolidated accounts:**

(₹ in Crores)

Particulars	As at March 31, 2013	As at March 31, 2012
<b>Balance Sheet Items</b>		
Share Application Money Pending Allotment	45.77	65.66
Reserves and surplus	(13.62)	(21.79)
<b>Non-Current Liabilities</b>		
Long-term borrowings	229.13	99.52
Deferred tax liabilities (Net)	11.01	7.42
Long-term provisions	0.07	-
<b>Current Liabilities</b>		
Short-term borrowings	15.34	33.39
Trade payables	96.52	117.04
Other current liabilities	24.41	16.87
Short-term provision	0.01	0.09

## Notes to Consolidated Financial Statement

(₹ in Crores)

Particulars	As at March 31, 2013	As at March 31, 2012
<b>Non-Current Assets</b>		
a) Fixed assets		
i) Tangible assets	9.18	16.02
ii) Intangible assets	2.68	6.02
iii) Intangible assets under development	403.16	259.68
b) Long-term loans and advances	18.43	8.15
c) Other non-current assets	0.40	-
<b>Current Assets</b>		
Trade receivables	1.96	8.91
Cash and cash equivalents	20.80	0.36
Short-term loans and advances	1.54	32.93
Other current assets	2.51	0.08
<b>Statement of Profit and Loss</b>		
Revenue from operations	127.87	88.21
Other Income	1.68	0.37
<b>Total</b>	<b>129.55</b>	<b>88.58</b>
Purchase of Stock-in-Trade	110.55	73.37
Employee benefits expense	2.17	3.51
Finance costs	1.10	0.61
Depreciation and amortization expense	2.37	2.38
Other expenses	5.69	5.93
<b>Total</b>	<b>121.88</b>	<b>85.80</b>
<b>Profit Before Tax</b>	<b>7.67</b>	<b>2.78</b>
<b>Less: Tax Expense:</b>		
- Current	0.11	-
- Deferred	3.59	2.38
<b>Profit for the year / period</b>	<b>3.97</b>	<b>0.40</b>

### 45) Details of Pre-operative Expenditure:

(₹ in Crores)

Particulars	As at April 1, 2012	Addition during the period	Charged off/ Deletion during the period	As at March 31, 2013
Legal Costs	0.07	-	-	0.07
	(4.57)	(0.01)	(4.51)	(0.07)
Salaries	1.72	-	1.72	-
	(-)	(1.72)	(-)	(1.72)
General Administration Expenses	7.81	0.01	7.86	(0.04)
	(0.05)	(7.87)	(0.11)	(7.81)
Travelling Expenses	0.14	-	0.11	0.03
	(0.03)	(0.11)	(-)	(0.14)
Interest and Finance Charges	0.49	-	0.48	0.01
	(0.01)	(0.48)	(-)	(0.49)
Addition on Acquisition of Subsidiary	0.02	-	-	0.02
	(0.02)	(-)	(-)	(0.02)
<b>Total</b>	<b>10.25</b>	<b>0.01</b>	<b>10.18</b>	<b>0.09</b>
	<b>(4.68)</b>	<b>(10.19)</b>	<b>(4.62)</b>	<b>(10.25)</b>

Figures in bracket represent previous year figures.



## Notes to Consolidated Financial Statement

- 46) Goodwill arising on consolidation of subsidiary companies amounting to ₹ 14.17 crores has been tested for impairment as at March 31, 2013 and management has assessed that there is no impairment of Goodwill as at March 31, 2013.
- 47) In respect of Lease Finance by Cisco System Capital (India) Pvt. Ltd., Cisco has filed case before appropriate court for recovery of their dues by way of mutual consent and settlement and the matter is under negotiation \ settlement.
- 48) There are no amounts due and outstanding to be credited to investor education and protection fund.
- 49) The figures for current year are for 12 months as against 6 months in the previous period. Hence, the figures are not comparable with those of previous period.
- 50) The Group has regrouped / reclassified the previous period figure in accordance with the requirements applicable in the current year.

As per our report of even date

**For Khandelwal Jain & Co.**

Chartered Accountants

Firm Registration No.105049W

**Shivratan Agarwal**

Partner

Membership No. 104180

Place : Mumbai

Date : October 24, 2013

**For and on behalf of the Board of Directors**

**Kapil Puri**

Chairman and Managing Director

Place : New Delhi

Date : October 24, 2013

**Subroto Chaudhury**

Director

## Notes to Consolidated Financial Statement

### INFORMATION WITH REGARD TO SUBSIDIARY COMPANIES

Information as required under the General Circular No. 2/2011 No. 51/12/2007-CL-III dated February 08, 2011 issued by the Ministry of Corporate Affairs (MCA) relating to Subsidiary Companies for the year ended March 31, 2013

(₹ in Crores)

Sr. No.	Name of the Subsidiary Company	Global Respondez Inc., U.S.A.	Spanco (S) Pte. Ltd., Singapore	Spanco CSC Ltd.	Spanco Great IT Pvt.Ltd.	Spanco Global Solutions Pvt.Ltd.	Skandsoft Technologies Pvt.Ltd.	Spanco Limited, Dubai UAE	Spanco Europe Ltd.	Spanco BPO Ventures Ltd.	Spanco Respondez BPO Pvt. Ltd.	Spanco BPO Services Ltd.	Spanco Holding Inc.,U.S.A.	Spanco BPO Mauritius Limited	Spanco Infritel Pvt. Ltd.	Spanco IT Infrastructure Pvt.Ltd.	New Delhi Teletech Pvt. Ltd.	Spanco Power Distribution Ltd.
1	Financial year ends on	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13
2	Share Capital	0.02	0.44	0.05	3.01	5.01	0.02	8.54	10.27	0.05	1.05	9.00	4.82	0.01	0.01	0.01	0.01	2.96
3	Reserve & Surplus	0.79	4.13	(4.98)	8.03	(0.36)	0.33	(6.36)	(3.53)	(22.20)	9.59	(20.56)	1.66	(9.16)	-	-	(13.48)	78.09
4	Total Assets	3.03	38.49	22.69	12.50	11.73	23.59	9.07	12.52	152.05	65.17	189.73	6.92	2.74	0.03	39.01	76.90	82.37
5	Total Liabilities	2.22	33.92	27.62	1.46	7.08	23.23	6.89	5.78	174.20	54.53	201.29	0.44	11.89	0.02	39.00	90.38	1.32
6	Investments (excluding investments in subsidiary companies)	0.37	-	-	-	-	0.01	-	-	-	-	-	6.88	2.72	-	-	-	82.07
7	Turnover & Other Income	0.96	0.02	-	-	-	0.01	-	40.11	3.25	44.89	101.94	-	0.01	N.A*	N.A*	114.93	-
8	Profit/(Loss) before Taxation	(0.01)	(0.09)	(3.38)	(0.25)	(0.01)	(0.01)	(8.51)	(1.68)	(8.16)	(9.75)	(63.70)	(0.01)	(9.15)	N.A*	N.A*	(6.05)	(0.36)
9	Provision for Taxation	-	-	-	-	-	-	-	-	-	(2.90)	-	0.02	-	N.A*	N.A*	(0.72)	-
10	Profit/(Loss) after Taxation	(0.01)	(0.09)	(3.38)	(0.25)	(0.01)	(0.01)	(8.51)	(1.68)	(8.16)	(6.85)	(63.70)	(0.03)	(9.15)	N.A*	N.A*	(5.33)	(0.36)
11	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	N.A*	N.A*	-	-

\* Since the above subsidiary Companies have not commenced any business till March 31, 2013, all the pre operative expenses have been capitalized, hence no Profit and Loss accounts are prepared.

**NOTICE**

**NOTICE** is hereby given that the Thirtieth Annual General Meeting of the Members of Spanco Limited will be held on Tuesday, December 31, 2013 at 10.00 A.M. at Lokmanya Club House, Near Somaiya Hospital Road, Off. Eastern Express Highway, Sion (East), Mumbai – 400022 to transact the following businesses:

**Ordinary Business:**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013, the Statement of Profit and Loss for the year ended on that date together with the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Subroto Chaudhury, who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint Statutory Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai (having Firm Registration No. 105049W) be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be determined by the Board of Directors of the Company in consultation with them.”

**Special Business:**

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** Mr. Iqbal Singh Gumber (having DIN 00075786), who was appointed as an Additional Director of the Company by the Board of Directors of the Company pursuant to the provisions of Article 85 of Articles of Association of the Company w.e.f. November 10, 2012 and as per the provisions of Section 260 of the Companies Act, 1956 ('the Act') and applicable provisions of the Companies Act, 2013, if any, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing along with requisite deposit from a member under Section 257 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation.”

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** Mr. Vijay H. Mulchandani (having DIN 06751121), who was appointed as an Additional Director of the Company by the Board of Directors of the Company pursuant to the provisions of Article 85 of Articles of Association of the Company w.e.f. December 2, 2013 and as per the provisions of Section 260 of the Companies Act, 1956 ('the Act') and applicable provisions of the Companies Act, 2013, if any, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing along with requisite deposit from a member under Section 257 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation.”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and relevant provisions of Companies Act, 2013 and in accordance with all relevant provisions of the Memorandum and Articles of Association of the Company and subject to provisions of the Listing Agreement entered into by the Company with the Stock Exchanges where the Company's shares are listed and subject to any other necessary approval, consent, permission and/or sanction of the Central Government, Reserve Bank of India, Ministry of Finance and/or any other appropriate authorities, including Banks, Financial Institutions or other creditors and subject to the provisions of the Foreign Exchange Management Act, 1999 (“**FEMA**”), as amended and all applicable regulations framed and notifications issued thereunder; Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“**ICDR Regulations**”), including the guidelines for Qualified Institutions Placement prescribed in Chapter VII of the ICDR Regulations; subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission or sanction and which may be agreed to by the Board of Directors of the Company (“**Board**”) and/or by duly authorised persons thereof for the time being exercising the powers conferred on the Board by this resolution, consent and approval of the members of the Company be and is hereby accorded to create, issue, offer and allot in the course of one or more domestic and / or international offering(s) to eligible investors including foreign residents (whether institutions, incorporated bodies, banks, insurance companies, mutual funds and / or individuals or otherwise) Qualified Institutional Buyers, Foreign Institutional Investors, Indian and / or Multilateral Financial Institutions, Non Resident Indians or such investors whether they are members of the Company or not, by way of circulation of an offering circular or prospectus or by way of Private Placement, Qualified Institutional Placements (QIPs) / Foreign Currency Convertible Bonds (FCCBs) / Global Depositary Receipts (GDRs) / American Depositary Receipts (ADRs) (“**Securities**”), the aggregate principal amount not exceeding ₹ 500 Crores (Rupees Five Hundred Crores only) or equivalent amount in India or any other currency as the case may be, in one or more tranches to be subscribed in Indian / foreign currency, which, at the option of the holders of the securities may be

converted into Equity Shares of the Company and that such issue and allotment be made in one or more tranches, on such terms and conditions as may be decided and deemed appropriate by the Board and/or by the authorized persons of the Board at the time of issue and allotment.

**RESOLVED FURTHER THAT** the pricing of the securities shall be in compliance with the applicable laws, guidelines and regulations and further the securities that may be issued pursuant to a QIP shall be in accordance with the applicable ICDR Regulations which presently provide for a price not less than the average of the weekly high and low of the closing price of the related securities of the same class quoted on such stock exchanges, where the shares of the Company are listed during the two weeks preceding the “relevant date”.

**RESOLVED FURTHER THAT** the “relevant date” means the date of the meeting in which the Board decides to open the proposed issue or as may be determined in accordance with the applicable laws, rules, regulations, guidelines and approvals.

**RESOLVED FURTHER THAT** without prejudice to the generality of the above and subject to all applicable laws, the aforesaid issue of securities may have all or any terms or combination of terms in accordance with international practices including but not limited to conditions in relation to payment of interest, additional interest, premium on redemption, pre-payment and any other debt service payments whatsoever and all such terms as may be provided in issue of securities of this nature internationally including terms for issue of Equity Shares upon conversion of the securities or variation of the conversion price of the securities during the term of the securities and the Company is also entitled to enter into and execute all such arrangements/agreements as the case may be with any Merchant Bankers, Lead Managers, Managers, Underwriters, Custodians, Advisors and all such agencies as may be involved or concerned in such offerings of securities and to remunerate all such agencies including the payment of commissions, brokerage, fees etc. and also to seek the listing of any or all of such securities or security representing the same in one or more stock exchange(s) outside India.

**RESOLVED FURTHER THAT** the securities issued in foreign markets shall be deemed to have been made abroad and/or in the international market and/or at the place of issue of the securities in the international market and may be governed by foreign laws, as applicable.

**RESOLVED FURTHER THAT** the Company may enter into any arrangement with any agency or body authorized by the Company for issue, upon conversion of the securities, of the Equity Shares of the Company in registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the international practices and regulations and under the forms and practices prevalent in the international markets.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any securities or as may be necessary in accordance with the terms of the offering, all such Equity Shares shall rank *pari passu* with the then existing Equity Shares of the Company in all respects.

**RESOLVED FURTHER THAT** for the purpose of giving effect to any issue or allotment of securities or securities representing the same or Equity Shares, as described herein above, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, at their discretion deem necessary or desirable for such purpose, including without limitation the utilization of issue proceeds, entering into of underwriting and marketing arrangements and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit.”

**By Order of the Board of Directors**

**Kapil Puri**  
Chairman and Managing Director

**Place: Mumbai**

**Date: December 2, 2013**

**Registered Office:**

8<sup>th</sup> Floor, Godrej Coliseum,  
Somaiya Hospital Road,  
Off. Eastern Express Highway,  
Sion (East), Mumbai – 400022

## NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY TO ATTEND AND VOTE, IN CASE OF POLL ONLY, ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The Proxy form, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- Additional information of the Directors being appointed/re-appointed at the Thirtieth Annual General Meeting in terms of Clause 49 of the Listing Agreement is annexed to the Notice.
- The Register of Members and Share Transfer Books of the Company will remain closed from December 30, 2013 to December 31, 2013 (both days inclusive).
- Members are requested to bring their Attendance Slip along with their copy of Annual Report at the time of the Meeting.
- Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Assistant Company Secretary at the Registered Office of the Company at least seven days in advance of the meeting so that the information required may be made readily available at the meeting.
- In terms of Sections 205A and 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company is required to be transferred to the Investors' Education and Protection Fund (IEPF) established by the Central Government and no claims shall lie against the said fund or the Company for the amount of dividend so transferred to the fund. Shareholders who have not yet encashed their dividend warrant(s) for the financial year ended 31<sup>st</sup> March, 2007 or for any subsequent financial years are requested to make their claims to the Company.
- Members holding shares in physical form are requested to notify immediately any change in their address or bank mandates to the Company / Registrar and Share Transfer Agents quoting their Folio Number immediately. Members holding shares in the electronic form may update such details with their respective Depository Participants.
- Members are requested to bring their original photo ID (like PAN Card, Aadhar Card, Voting Card etc., having photo identity) while attending the meeting.

## DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

(In pursuance of Clause 49 of the Listing Agreement)

Name of Director	Mr. Subroto Chaudhury	Mr. Iqbal Singh Gumber	Mr. Vijay H. Mulchandani
Date of Birth	September 1, 1956	March 3, 1958	November 24, 1958
Brief profile and expertise in specific functional area	Mr. Subroto Chaudhury has Bachelor's Degree of Engineering (Civil) from Kolkata. He has also done his Masters in Business Administration from Xavier Institute of Management, Bhubaneswar (XIMB) and Post Graduate Diploma in Infrastructure Engineering Management from Bangalore. He is an extremely capable, multifaceted professional with a track-record of exemplary performance.	Mr. Iqbal Singh Gumber is a B.Sc. (Hons.) and LLB from Delhi University. He also did his MBA (Finance), CAIIB (Indian Institute of Bankers), AIA (Chartered Institute of Bankers, UK), PG Diploma in Corporate Laws and Secretarial Practice from Indian Law Institute. He brings a diverse experience and expertise most particularly in Finance, Marketing, Legal, HR and IR areas. He also deals with financial institutions and equity funds for financing of business. Presently, he is engaged in advisory / consultancy services under TRH Financial Advisors (Management Consultants). Besides this, he acted as an advisor on India entry strategy to Foreign mutual fund and assisted various renowned funds in advisory capacity viz., UTI, Templeton etc. He has vast experience of handling 22 IPO offerings including advising on UTI Bank's IPO and Nuclear Power Corporation for their Bond issue.	Mr. Vijay H. Mulchandani has Bachelor's Degree of Engineering (Electronics & Communications) from Gujarat. He has also done his Diploma in Business Management and Marketing Management from IGNOU. He brings his 30 years of vast experience in Telecommunication Industry, having hands on work experience in Sales, Installation & Commissioning, Testing, Training and all operational areas of the industry. Currently, he is associated as Vice president with Presto InfoSolutions Private Limited.

Name of Director	Mr. Subroto Chaudhury	Mr. Iqbal Singh Gumber	Mr. Vijay H. Mulchandani
<b>Directorships held in other Companies</b>	1. Futurist Infrastructure Pvt. Ltd. 2. Surface Tech India Pvt. Ltd. 3. Quatro Rail Tech Solutions Pvt. Ltd. 4. Bharat BPO Services Ltd.	1. Lakshmi Energy and Foods Ltd. 2. Victor Foods India Ltd. 3. Spanco IT Infrastructure Pvt. Ltd.	Nil
<b>Memberships/ Chairmanships of committees (Audit Committee and Shareholders'/ Investors' Grievance Committee) across other Public Companies.</b>	Nil	Nil	Nil
<b>Number of shares held in the Company</b>	Nil	Nil	6,122 Equity Shares

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

### Item No. 4

Mr. Iqbal Singh Gumber was appointed as an Additional Director of the Company with effect from November 10, 2012 and in terms of the provisions of Section 260 of the Companies Act, 1956 and applicable provisions of the Companies Act, 2013, if any, holds the office as an Additional Director upto the date of ensuing Annual General Meeting. The Company has received a notice along with requisite deposit under Section 257 of the Act from a shareholder proposing the candidature of Mr. Iqbal Singh Gumber for the office of Director of the Company. Your Directors recommend his appointment as a Director of the Company.

The Board of Directors recommends the Ordinary Resolution as set out at item no. 4 of the notice for your approval.

Except Mr. Iqbal Singh Gumber none of the other Directors and key managerial personnel of the Company or their relatives are concerned or interested in the said Ordinary Resolution.

### Item No. 5

Mr. Vijay H. Mulchandani was appointed as an Additional Director of the Company with effect from December 2, 2013 and in terms of the provisions of Section 260 of the Companies Act, 1956 and applicable provisions of the Companies Act, 2013, if any, holds the office as an Additional Director upto the date of ensuing Annual General Meeting. The Company has received a notice along with requisite deposit under Section 257 of the Act from a shareholder proposing the candidature of Mr. Vijay H. Mulchandani for the office of Director of the Company. Your Directors recommend his appointment as a Director of the Company.

The Board of Directors recommends the Ordinary Resolution as set out at item no. 5 of the notice for your approval.

Except Mr. Vijay H. Mulchandani none of the other Directors and key managerial personnel of the Company or their relatives are concerned or interested in the said Ordinary Resolution.

### Item No. 6

Presently, the Company is engaged in the business of creating Technology Infrastructure to help the government in its drive to increase efficiency across key sectors. Spanco is SEI CMM Level 3 and ISO 9001 : 2008 certified Company. Spanco caters to large complex Technology Infrastructure projects across Government, Power and Telecom service provider's space. To accomplish its vision to be a leader in Technology Infrastructure space, the Company is expanding its business horizon. In order to meet the funds requirement for execution of various projects, re-payments of loans and general corporate purpose and to strengthen the financial position of the Company by augmenting its long term resources, the Company would need access to external sources of funds at different points of time in future. The Company proposes to mobilize the funds by way of offer / issue and allot in the course of domestic and / or international offering(s) in one or more tranches to Indian / Foreign investors/ entities, Equity shares of nominal value of ₹ 10/- each by way of QIPs / GDRs / ADRs / FCCBs and/ or any other permitted instruments/ securities convertible into Equity Shares (at a later date as may be determined by the Board of Directors from time to time) for an aggregate value not exceeding ₹ 500 Crores (Rupees Five Hundred Crores only) (inclusive of premium on Equity Shares). The detailed terms and conditions of the offer will be determined in consultation with Advisors, Lead Managers and Underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

The proposed resolution is an enabling resolution conferring authority on the Board of Directors to cover all the present and future contingencies and corporate requirements in terms of Section 81(1A) of the Companies Act, 1956 read with applicable provisions of the Companies Act, 2013 and the Listing Agreement entered into with Stock Exchange(s), which requires that new shares are first to be offered on pro-rata basis to the existing shareholders of the Company, unless the shareholders at a General Meeting decides otherwise by passing a Special Resolution. Accordingly, consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 read with applicable provisions of the Companies Act, 2013 and in terms of the Listing Agreement executed by the Company with the Stock Exchange(s), where its shares are listed.

The Board of Directors of the Company recommends the Special Resolution as set out at item no. 6 of the notice for your approval.

None of the Directors, key managerial personnel of the Company or their relatives are concerned or interested in the said Special Resolution.

**By Order of the Board of Directors**

**Kapil Puri**  
**Chairman and Managing Director**

**Place: Mumbai**

**Date: December 2, 2013**

**Registered Office:**

8<sup>th</sup> Floor, Godrej Coliseum,  
Somaia Hospital Road,  
Off. Eastern Express Highway,  
Sion (East), Mumbai – 400 022.

# SPANCO LIMITED

**Regd. Office :** 8<sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway,  
Sion (East), Mumbai – 400022.

## PROXY FORM

**30<sup>TH</sup> ANNUAL GENERAL MEETING ON DECEMBER 31, 2013**

Regd. Folio No. ....

DP ID/ Client ID No: ....

No. of Shares held .....

I/We ..... of ..... in the district of ..... being a  
Member / Members of Spanco Limited hereby appoint Mr./Ms. .... of .....  
in the district of ..... or failing him/her ..... of .....  
in the district of ..... as my / our proxy to vote for me/us on my/our behalf at the Thirtieth  
Annual General Meeting of the Company to be held on Tuesday, December 31, 2013 at 10.00 a.m. at Lokmanya Club House, Near Somaiya Hospital  
Road, Off. Eastern Express Highway, Sion (East), Mumbai – 400022 and at any adjournment thereof.

REVENUE  
STAMP of  
₹ 0.15

Place :

Signed: \_\_\_\_\_

Date :

Note: Duly filled and executed Proxy Form must reach the Company's Registered Office not less than 48 (Forty- Eight) hours before the time  
for holding the aforesaid meeting. The Proxy need not be a member of the Company.

# SPANCO LIMITED

**Regd. Office :** 8<sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway,  
Sion (East), Mumbai – 400022.

## ATTENDANCE SLIP

**(To be handed over at the entrance of Meeting Venue)**

**30<sup>TH</sup> ANNUAL GENERAL MEETING ON DECEMBER 31, 2013**

Regd. Folio No. ....

DP ID/ Client ID No: ....

No. of Shares held .....

Name of the attending Member (IN BLOCK LETTERS) .....

Name of the Proxy (IN BLOCK LETTERS) .....

(To be filled in by Proxy attending instead of the Member)

I hereby record my presence at the Thirtieth Annual General Meeting of the Company to be held on Tuesday, December 31, 2013 at 10.00 a.m. at  
Lokmanya Club House, Near Somaiya Hospital Road, Off. Eastern Express Highway, Sion (East), Mumbai - 400022.

**Members' / Proxys' Signature**

### Notes:

- Interested Joint Members may obtain Attendance Slips from the registered office of the Company.
- Members' / Joint Members' / Proxies are requested to bring the Attendance Slips with them. Duplicate slips will not be issued at the venue.







## BOOK - POST

*If undelivered, please return to:*

**SPANCO LIMITED**

8th Floor, Godrej Coliseum, Somaiya Hospital Road,  
Off. Eastern Express Highway,  
Sion (East), Mumbai – 400022.